

*In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in the gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by DelVal and the Participants with the requirements of the Internal Revenue Code of 1986, as amended. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals. Under laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. See "CERTAIN TAX MATTERS" herein.*



**\$141,030,000**  
**DELAWARE VALLEY REGIONAL FINANCE AUTHORITY**  
**(Bucks, Chester, Delaware and Montgomery Counties, Pennsylvania)**  
**Local Government Revenue Bonds, 2023 Series A**

**Dated:** Date of Issuance

**Due:** March 1, as shown on the inside front cover

The Delaware Valley Regional Finance Authority ("DelVal") is issuing \$141,030,000 aggregate principal amount of its Local Government Revenue Bonds, 2023 Series A (the "Bonds") pursuant to the Pennsylvania *Municipality Authorities Act*, a Resolution adopted on December 12, 2022, by the DelVal Board of Directors, and the Master Trust Indenture dated as of June 28, 2007, as previously amended and supplemented, and as amended and restated as of January 10, 2022 (the "Master Indenture") and the Eleventh Supplemental Indenture dated February 22, 2023 (the "Supplement" and, collectively with the Master Indenture, the "Indenture") between DelVal and TD Bank, N.A. (the "Trustee"). Bonds issued by DelVal prior to 2007 were not issued under the Master Indenture and are not secured thereby. DELVAL MAY ISSUE ADDITIONAL SERIES OF BONDS UNDER THE MASTER INDENTURE, AND ALL BONDS ISSUED UNDER THE MASTER INDENTURE ARE AND WILL BE SECURED EQUALLY AND RATABLY TO THE EXTENT PROVIDED THEREIN BY ALL OF THE ASSETS AND RECEIPTS OF THE TRUST ESTATE OF THE MASTER INDENTURE.

**THE BONDS ARE SOLELY AND EXCLUSIVELY LIMITED, SPECIAL OBLIGATIONS OF DELVAL. DELVAL SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL, INTEREST OR REDEMPTION PRICE OF THE BONDS EXCEPT FROM THE TRUST ESTATE (HEREIN DEFINED) IN THE MANNER PROVIDED IN THE MASTER INDENTURE AND TO THE EXTENT PROVIDED IN THE COVENANT AGREEMENT (HEREIN DEFINED), AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING DELVAL, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AMOUNT, INTEREST OR REDEMPTION PRICE OF THE BONDS. DELVAL HAS NO TAXING POWER.**

DelVal will issue the Bonds in fully registered, book-entry-only form in denominations and with interest payable on the dates as shown on the inside front cover. The Bonds will be issued at a Fixed Rate (herein defined) and are subject to optional redemption. THE OPTIONAL REDEMPTION AND EXTRAORDINARY MANDATORY REDEMPTION PROVISIONS ARE SUMMARIZED ON THE INSIDE FRONT COVER.

The proceeds of the Bonds, together with certain other funds available therefor, will be used to provide funds to: (i) acquire Loans from DelVal's Local Government Revenue Bonds, 2018 Series C (the "2018 C Bonds"), Local Government Revenue Bonds, 2020 Series A (the "2020 A Bonds") and other DelVal Series (ii) fund a deposit to the Debt Service Reserve Fund, and (iii) pay costs related to the issuance of the Bonds. DelVal expects to optionally redeem all of the outstanding \$50,000,000 2018 C Bonds and all of the outstanding \$100,000,000 2020 A Bonds with proceeds from the acquisition of Loans by the Bonds and other DelVal Series and from other available funds. See "THE BONDS – PLAN OF FINANCE".

Each Loan to a Participant will be evidenced by a loan agreement (each a "Loan Agreement" and collectively, "Loan Agreements") and a promissory note (each a "Participant Note" and collectively, "Participant Notes"). EACH LOAN IS SUBJECT TO CERTAIN ADDITIONAL REQUIREMENTS AND CONDITIONS AND WILL REQUIRE: (I) IN THE CASE OF A LOAN TO A PARTICIPANT WHICH IS A LOCAL GOVERNMENT UNIT (AS HEREIN DEFINED), A PLEDGE OF THE FULL FAITH, CREDIT AND TAXING POWER OF SUCH LOCAL GOVERNMENT UNIT AND, IF CERTAIN RATING THRESHOLDS ARE NOT MET AT THE TIME OF THE LOAN, A PLEDGE OF THE FULL FAITH, CREDIT AND TAXING POWER OF A GUARANTOR AND/OR A FINANCIAL GUARANTY POLICY (EACH A "PARTICIPANT CREDIT ENHANCEMENT") AND (II) IN THE CASE OF A LOAN TO A PARTICIPANT WHICH IS AN AUTHORITY, A PLEDGE AND GRANT OF REVENUES FROM SUCH AUTHORITY AND, IF CERTAIN RATING THRESHOLDS ARE NOT MET AT THE TIME OF THE LOAN, A PLEDGE OF THE FULL FAITH, CREDIT AND TAXING POWER OF A GUARANTOR AND/OR A PARTICIPANT CREDIT ENHANCEMENT. THE PARTICIPANT CREDIT ENHANCEMENTS WILL NOT GUARANTEE THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE, OR INTEREST ON THE BONDS. See "SECURITY FOR THE BONDS".

The Trust Estate created under the Indenture, which secures all bonds issued thereunder, includes assets and amounts receivable from: (i) Participant Notes and Loan Agreements, (ii) Participant Credit Enhancements, (iii) Swap Agreements, (iv) Investment Agreements, (v) any moneys deposited in the funds and accounts created by the Indenture, and (vi) Credit Facilities. See "SECURITY FOR THE BONDS". Pursuant to the Covenant Agreement dated as of April 9, 2001, as amended and restated on August 3, 2009, and as previously amended and restated, DelVal has pledged certain funds from all of its series of bonds, including bonds not issued under the Master Indenture, if available, to transfer to any other series of bonds, including bonds not issued under the Master Indenture, that does not have sufficient available funds to (i) replenish any deficiency of a debt service reserve fund, (ii) pay any debt service payments and any periodic scheduled interest rate swap payments, (iii) pay any administrative expenses, including amounts necessary to maintain liquidity, and (iv) pay any Termination Payments. See "SECURITY FOR THE BONDS - COVENANT AGREEMENT".

THE PRINCIPAL AND REDEMPTION PRICE OF AND INTEREST ON THE BONDS AND PERIODIC INTEREST RATE SWAP PAYMENTS (THE "SWAP PAYMENTS") UNDER SWAP AGREEMENTS, HEREIN DESCRIBED, WILL BE EQUALLY AND RATABLY SECURED UNDER THE INDENTURE BY THE TRUST ESTATE. Any termination payment (a "Termination Payment") under a Swap Agreement, will be subordinate to the payment of principal, purchase price, and redemption price of and interest on the Bonds and all other bonds issued under the Master Indenture then due and payable and Swap Payments then due. Termination Payments are payable solely from moneys available in the Discretionary Fund or from Excess Funds available under the Covenant Agreement. See "INTEREST RATE SWAP AGREEMENTS".

This cover page contains information for quick reference only and is NOT a summary of this issue. Investors must read the entire Official Statement, including Appendices, to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, Bond Counsel, Philadelphia, Pennsylvania, to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon for DelVal by its Solicitor, Carmen P. Belefonte, Esquire, Media, Pennsylvania and for the Underwriter by Dilworth Paxson LLP, Philadelphia, Pennsylvania. DelVal expects the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about February 22, 2023.

**BofA Securities**

**\$141,030,000**  
**Local Government Revenue Bonds, 2023 Series A**  
**Fixed Rate Bonds**

<u>Maturity Date</u>	<u>Optional Redemption Date</u>	<u>Par Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Price (1)</u>	<u>CUSIP (2)</u>
01-Mar-33	01-Sep-32	\$ 50,000,000	4.00%	3.010%	108.144%	246579LT1
01-Mar-34	01-Sep-33	\$ 41,030,000	4.00%	3.220%	106.915%	246579LU8
01-Mar-35	01-Sep-34	\$ 50,000,000	4.00%	3.390%	105.778%	246579LV6

(1) Price to the first Optional Redemption Date.

(2) American Bankers Association CUSIP data herein are provided by CUSIP Global Services (CGS). CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds, and neither DelVal nor the Underwriter makes any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future.

**Book-Entry-Only Form:** When issued, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Beneficial ownership interests in the Bonds will be recorded in book-entry-only form. Purchasers will not receive physical delivery of certificates representing their ownership interests in their respective Bonds purchased. See “BOOK-ENTRY-ONLY SYSTEM”.

**Denominations:** The Local Government Revenue Bonds, 2023 Series A (the “Bonds”) will be issued in fully registered form in denominations of \$5,000, or any integral multiple of \$5,000 in excess thereof. See “THE BONDS”.

**Interest Payment Dates:** Interest on the Bonds will be paid on March 1 and September 1 commencing on September 1, 2023. See “THE BONDS”.

**Interest Accrual:** Interest on the Bonds will accrue from the Issuance Date to the first Interest Payment Date, and, thereafter, from each Interest Payment Date to the subsequent Interest Payment Date.

**Optional and Extraordinary Mandatory Redemption:** The Bonds are subject to optional redemption prior to maturity at the option of DelVal, in whole or in part (in such amounts as may be specified by DelVal), on and after the date six months prior to the respective maturity dates at a price equal to 100% of the principal amount, plus accrued interest to the optional redemption date. THE BONDS ARE SUBJECT TO EXTRAORDINARY MANDATORY REDEMPTION, IN WHOLE OR PART AT 100% OF THE NET PROCEEDS, LESS THE ORIGINAL ISSUE PREMIUM (IF ANY) AMORTIZED ON A STRAIGHT-LINE BASIS FROM THE DATE OF ISSUANCE TO THE EXTRAORDINARY MANDATORY REDEMPTION DATE, PLUS ACCRUED INTEREST TO THE EXTRAORDINARY MANDATORY REDEMPTION DATE. See “THE BONDS - REDEMPTION”.

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No dealer, broker, salesman or other person has been authorized by DelVal or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof, or the date as of which particular information is given, if earlier. This Official Statement is not to be construed as a contract or agreement between DelVal and the purchasers or owners, from time to time, of any of the Bonds.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

The Underwriter, BofA Securities, Inc., has provided the following information for inclusion in this Official Statement:

- The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, brokerage, and asset management.
- In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt securities and provide financial instruments (which may include bank loans, credit support or interest rate swaps).
- The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of DelVal.
- The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of DelVal.
- The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but does not guarantee the accuracy or completeness of such information.

This Official Statement contains certain “forward-looking statements” concerning the operations and financial condition of DelVal. These statements are based upon a number of assumptions and estimates which are subject to significant uncertainties, many of which are beyond the control of DelVal. The words “may,” “would,” “could,” “will,” “expect,” “anticipate,” “believe,” “intend,” “plan,” “estimate” and similar expressions are meant to identify these forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. DelVal does not plan or undertake any responsibility to issue any updates or revisions to these forward-looking statements if or when changes to its expectations, or events, conditions or circumstances on which such statements are based, occur.

None of the information contained herein, including any assumptions which relate to any forward-looking statements, has taken into account the impact, if any, of the COVID-19 Pandemic.

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**DELAWARE VALLEY REGIONAL FINANCE AUTHORITY  
BUCKS, CHESTER, DELAWARE, AND MONTGOMERY COUNTIES, PENNSYLVANIA**

1811 Bethlehem Pike  
Flourtown Commons, Suite C350  
Flourtown, PA 19031

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**BOARD OF DIRECTORS IN 2023**

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JAMES H. SHACKLETT, III, VICE CHAIRMAN

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ECKERT SEAMANS CHERIN & MELLOTT, LLC  
Philadelphia, Pennsylvania  
Bond Counsel

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CARMEN P. BELEFONTE, Esquire  
Media, Pennsylvania  
Solicitor

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TD BANK, N.A.  
Mt. Laurel, New Jersey  
Trustee

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BAKER TILLY US, LLP  
Philadelphia, Pennsylvania  
Independent Auditor

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CALHOUN BAKER INC.  
Flourtown, Pennsylvania  
Program Administrator

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**Official Statement**  
**\$141,030,000**  
**DELAWARE VALLEY REGIONAL FINANCE AUTHORITY**  
**BUCKS, CHESTER, DELAWARE, AND MONTGOMERY COUNTIES, PENNSYLVANIA**

**Local Government Revenue Bonds, 2023 Series A**

**INTRODUCTION**

This Official Statement, including the cover page and Appendices hereto, is provided to furnish certain information in connection with the issuance by the Delaware Valley Regional Finance Authority (“DelVal”) of its \$141,030,000 Local Government Revenue Bonds, 2023 Series A (the “Bonds”). DelVal is a body corporate and politic organized and duly existing under the Pennsylvania *Municipality Authorities Act*, 53 Pa. C.S. Ch. 56, as supplemented and amended (the “*Authorities Act*”), by Bucks, Chester, Delaware, and Montgomery Counties (the “Counties”). DelVal received a Certificate of Incorporation from the Department of State of the Commonwealth of Pennsylvania on December 23, 1985. As used herein, capitalized terms used in this Official Statement and not otherwise defined shall have the respective meanings ascribed to them in the Indenture, Loan Agreement, or Swap Agreement, as applicable. See “DEFINITIONS OF CERTAIN TERMS”.

DelVal will issue the Bonds on February 22, 2023, pursuant to the provisions of: (i) the *Authorities Act*, (ii) the resolution adopted by the Board of Directors of DelVal on December 12, 2022 (the “Resolution”), (iii) a Master Indenture dated as of June 28, 2007, amended and restated as of August 3, 2009, amended and restated as of September 12, 2011, amended and restated as of April 9, 2012, amended and restated as of June 9, 2014, amended and restated as of December 8, 2014, amended and restated as of August 13, 2018, amended and restated as of December 14, 2020, and amended and restated as of January 10, 2022 (the “Master Indenture”), and (iv) an Eleventh Supplemental Indenture dated February 22, 2023 (the “Eleventh Supplement”, and collectively with the Master Indenture, as previously amended and supplemented, the “Indenture”) between DelVal and TD Bank, N.A., acting as trustee, registrar, paying agent, and tender agent (collectively, the “Trustee”) for the Master Series issued under the Indenture. The corporate trust office of the Trustee is located at 6000 Atrium Way, Mt. Laurel, New Jersey 08054.

The Counties created DelVal to provide loans (each, a “Loan”) to: (i) boroughs, townships, cities, school districts, counties, and other governmental entities with taxing power, each a “Local Government Unit” as defined in the *Local Government Unit Debt Act*, 53 Pa. C.S.A. §8001 et. seq. (the “*Debt Act*”), (ii) other political subdivisions whose obligations to DelVal are guaranteed by a Local Government Unit and (iii) subject to certain conditions set forth in the Indenture described herein, any Authority created under the *Authorities Act*. The primary objectives for creating DelVal were (i) to provide Loans at lower costs than borrowers (each, a “Participant”) could achieve with other financing options, (ii) to provide fixed and variable rate funding options, and (iii) to improve the ability of Participants to manage their debt. DelVal established the program (the “Loan Program”) to provide funds, establish credit criteria, and administer the Loans. See “Appendix I: DELAWARE VALLEY REGIONAL FINANCE AUTHORITY” herein.

EACH LOAN TO A LOCAL GOVERNMENT UNIT MUST BE SECURED BY A PLEDGE OF THE FULL FAITH, CREDIT AND TAXING POWER OF THAT LOCAL GOVERNMENT UNIT. A LOAN TO AN AUTHORITY SECURED BY A PLEDGE AND GRANT OF REVENUES FROM SUCH ENTITY CAN ONLY BE ORIGINATED UNDER THE FOLLOWING CONDITIONS: (i) THE AUTHORITY IS RATED “Aa3” OR HIGHER BY MOODY’S OR “AA-” OR HIGHER BY S&P AT THE TIME THE LOAN IS ORIGINATED, (ii) THE OBLIGATIONS OF THE AUTHORITY ARE GUARANTEED BY THE PLEDGE OF THE FULL FAITH, CREDIT, AND TAXING POWER OF A GUARANTOR, OR (iii) THE LOAN IS SECURED BY A PARTICIPANT CREDIT ENHANCEMENT.

DelVal may require certain Loans to Local Government Units and Authorities with a Guarantor to also be secured by a Participant Credit Enhancement. THE PARTICIPANT CREDIT ENHANCEMENTS WILL NOT

GUARANTEE THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE, OR INTEREST ON THE BONDS. See “SECURITY FOR THE BONDS”.

The Loans fund projects (each, a “Project”), as authorized in the *Debt Act* or the *Authorities Act*, that include, but are not limited to: (i) construction, acquisition, maintenance, or repair of facilities, (ii) preliminary studies, testing, planning, or design, (iii) acquisition of land or rights in land, (iv) furnishings, machinery, and equipment, (v) revision of assessment of real property, (vi) funding of all or a portion of a reserve for liability insurance and self-insurance, (vii) funding of an unfunded actuarial liability, (viii) funding or refunding of debt incurred for any or all of the foregoing purposes, and (ix) funding a deficit or creating a revolving fund for improvements.

DelVal periodically issues bonds to fund the Loan Program. Ten series of bonds issued under four indentures are currently outstanding in the aggregate principal amount of \$1,200,000,000, as follows:

- 1) \$28,000,000 Local Government Revenue Bonds, 1997 Series B and C (the “1997 Bonds”) under the 1997 Indenture,
- 2) \$250,000,000 Local Government Revenue Bonds, 1998 Series A (the “1998 Bonds”) under the 1998 Indenture,
- 3) \$125,000,000 Local Government Revenue Bonds, 2002 Series C (the “2002 Bonds”) under the 2002 Indenture,
- 4) \$110,000,000 Local Government Revenue Bonds, 2007 Series A, B, and C (the “2007 Bonds”) under the Master Indenture and the First Supplemental Indenture,
- 5) \$165,000,000 Local Government Revenue Bonds, 2018 Series A, C\*, D, and E (the “2018 Bonds”) under the Master Indenture and the Fifth Supplemental Indenture,
- 6) \$100,000,000 Local Government Revenue Bonds, 2020 Series A\* (the “2020 A Bonds”) under the Master Indenture and the Sixth Supplemental Indenture,
- 7) \$125,000,000 Local Government Revenue Bonds, 2020 Series B and D (the “2020 BD Bonds”) under the Master Indenture and the Seventh Supplemental Indenture,
- 8) \$45,000,000 Local Government Revenue Bonds, 2021 Series A (the “2021 A Bonds”) under the Master Indenture and the Eighth Supplemental Indenture,
- 9) \$155,000,000 Local Government Revenue Bonds, 2022 Series A, B, and C (the “2022 ABC Bonds”) under the Master Indenture and the Ninth Supplemental Indenture, and
- 10) \$97,000,000 Local Government Revenue Bonds, 2022 Series D and E (the “2022 DE Bonds”) under the Master Indenture and the Tenth Supplemental Indenture.

The bonds issued under the 1997 Indenture, the 1998 Indenture, and the 2002 Indenture are herein referred to as the “Indenture Series.” The 2007 Bonds, 2018 Bonds, 2020 A Bonds, 2020 BD Bonds, 2021 A Bonds, 2022 ABC Bonds, and 2022 DE Bonds were issued the Master Indenture and a supplemental indenture for each such Master Series. The Master Series issued under the Master Indenture are equally and ratably secured by all of the funds, agreements, and assets held under the trust estate of the Master Indenture, to the extent provided therein. DelVal anticipates it will, from time to time in the future, issue additional parity bonds, including the Bonds, under the Master Indenture. The bonds issued under the Master Indenture are herein referred to as the “Master Series.” The Indenture Series and the Master Series are collectively referred to herein as the “DelVal Series.”

DelVal adopted an agreement (the “Covenant Agreement”) dated as of April 9, 2001, as amended and restated on August 3, 2009, as previously amended and restated, intended to improve the security of bondholders. Under the provisions of the Covenant Agreement, DelVal has pledged to transfer certain funds (the “Excess Funds”), if any, under the trust estate of the indenture under which any DelVal Series was issued to any other DelVal Series that has experienced a deficiency. See “SECURITY FOR THE BONDS – COVENANT AGREEMENT”.

DelVal has entered into interest rate swap agreements (each, a “Swap Agreement”) with multiple counterparties (each a “Swap Counterparty”), and DelVal has executed multiple interest rate swap transactions (each, a “Swap Transaction”) to hedge its exposure to rising interest rates, to provide fixed and variable interest rate loans to Participants to reduce interest costs, and to diversify future interest rate risks. Periodic, scheduled payments due on

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\* The Local Government Revenue Bonds, 2018 Series C and 2020 Series A will be redeemed upon the issuance of the Bonds.

the Swap Transactions (each, a “Swap Payment”) of a DelVal Series are secured on a parity basis with payments of principal, purchase price, and redemption price of and interest on such DelVal Series (the “Debt Service”) then due and payable. Any termination payment (each, a “Termination Payment”) due for the termination of a Swap Transaction of a DelVal Series is subordinate to Debt Service and Swap Payments of such DelVal Series, and any Termination Payment must be paid from Excess Funds. DelVal expects to execute multiple Swap Transactions, from time to time, related to the Bonds and the Loans pledged under or acquired by the Bonds. See “INTEREST RATE SWAP AGREEMENTS”.

The proceeds of the DelVal Series and all other moneys held under the trust estates of the DelVal Series, including the Bonds, are or may be invested in guaranteed investment contracts (each, a “GIC”) and other investments permitted under the respective trust indentures of the DelVal Series. See “INVESTMENTS”.

Each Participant in the Loan Program executes a note (each, a “Participant Note”) and a loan agreement (each, a “Loan Agreement”) to evidence its obligation to pay the principal of and interest on its Loan. The DelVal administrator (the “Administrator”) calculates the monthly interest due on each Loan to pay its allocable share of (i) Debt Service, (ii) Swap Payments, and (iii) DelVal’s administrative costs, including the provision of liquidity for operations. See “SECURITY FOR THE BONDS – LOAN AGREEMENT” and “TAXING POWERS OF LOCAL GOVERNMENT UNITS”.

The proceeds of the Bonds, together with certain other funds available therefor, will be used to provide funds to: (i) acquire Loans from DelVal’s Local Government Revenue Bonds, 2018 Series C (the “2018 C Bonds”), Local Government Revenue Bonds, 2020 Series A (the “2020 A Bonds”) and other DelVal Series, (ii) fund a deposit to the Debt Service Reserve Fund, and (iii) pay costs related to the issuance of the Bonds. DelVal expects to optionally redeem all of the outstanding \$50,000,000 2018 C Bonds and all of the outstanding \$100,000,000 2020 A Bonds on February 22, 2023, with: (i) proceeds of the Bonds used to acquire Loans, (ii) proceeds of other DelVal Series used to acquire Loans, and (iii) other available funds. See “THE BONDS – PLAN OF FINANCE”.

The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee for The Depository Trust Company (the “DTC”). So long as the Bonds are held in the book-entry system, DTC or its nominee will be the registered owner of the Bonds, and purchasers will acquire beneficial ownership interests in the Bonds. For purposes of this Official Statement, DTC or its nominee, and its successors and assigns, are referred to as the “Securities Depository”. See “BOOK-ENTRY-ONLY SYSTEM”.

DelVal expects that the Bonds, other funds of DelVal, and the related Swap Transactions will allow DelVal to provide variable interest rate Loans and fixed interest rate Loans at an All-In True Interest Cost (an internal rate of return calculation that includes costs of issuance and interest payments) that will be competitive with the cost Participants would pay if they issued their own debt. See “APPENDIX I: DELAWARE VALLEY REGIONAL FINANCE AUTHORITY” and “APPENDIX II: FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021” for more information.

THE BONDS ARE SUBJECT TO OPTIONAL REDEMPTION AND EXTRAORDINARY MANDATORY REDEMPTION. See “THE BONDS - REDEMPTION”.

**THIS OFFICIAL STATEMENT ONLY RELATES TO THE ISSUANCE OF THE BONDS. ANY REFERENCES TO ANY OTHER DELVAL SERIES ARE PROVIDED SOLELY FOR INFORMATIONAL PURPOSES AND ARE NOT INCORPORATED HEREIN BY REFERENCE.** The delivery of this Official Statement shall not, under any circumstances, create any implication that no changes have occurred in the affairs of DelVal, any Participants, or the communities or areas served by DelVal, since the date of this Official Statement or, if earlier, the dates as of which particular information contained in this Official Statement is given. The descriptions in this Official Statement of the Bonds, the Swap Agreements, the Loan Agreements, the Covenant Agreement, and the Indenture are qualified by reference to the complete text of such instruments and documents, copies of which are available at the offices of DelVal and the Trustee. The Master Indenture is attached hereto as APPENDIX V, and the Form of the Eleventh Supplement is attached hereto as APPENDIX VI. The descriptions in this Official Statement of certain provisions of Federal and Commonwealth statutes and regulations are qualified by reference to the complete text of such documents. Unless otherwise defined herein, capitalized terms used in this Official Statement shall have the respective meanings ascribed to them in the Indenture, all as hereinafter defined.

## DEFINITIONS OF CERTAIN TERMS

As used herein, capitalized terms used in this Official Statement and not otherwise defined shall have the respective meanings ascribed to them in the Indenture, Loan Agreement, or Swap Agreement, as applicable. For purposes herein all references to “bonds” shall mean the Master Series unless otherwise stated.

“**2018 C Bonds**” shall mean the DelVal Local Government Revenue Bonds, 2018 Series C.

“**2020 A Bonds**” shall mean the DelVal Local Government Revenue Bonds, 2020 Series A.

“**Administrative Expenses**” means any expenditures of DelVal reasonably and necessarily incurred by reason of its issuance of bonds or for the Program, as determined by the Administrator, including, without limitation, Compliance Charges, auditing fees and expenses, Extraordinary Payments, non-asset bond costs, costs associated with rebate compliance, the fees and expenses of the Trustee, the Administrator and the Rebate Analyst, all other legal, financing and administrative expenses incurred by DelVal with respect to the Program, including the fees, costs, and expenses of any Credit Facility Provider, the maintenance of prudent levels of liquidity to provide sufficient levels of operating cash flow, as determined by the Administrator and any expenses incurred by DelVal or the Trustee to compel full and punctual performance of all the provisions of this Indenture, the Loan Agreements or the Participant Notes.

“**Administrator**” means the Program Administrator, initially Calhoun Baker Inc., and any successor Administrator (which may include DelVal) duly appointed by DelVal and acting as Administrator under the Indenture; provided, however if DelVal is the Administrator, it may delegate to any person, firm or corporation qualified to do business in the Commonwealth of Pennsylvania as servicing agent, any of the duties and responsibilities of the Administrator hereunder, upon written notice thereof to the Trustee.

“**Authorities Act**” means the Pennsylvania *Municipality Authorities Act*, 53 Pa. C.S. §5601 *et seq.*

“**Authority**” means an authority organized under any law of the Commonwealth of Pennsylvania by or on behalf of any one or more Local Government Units.

“**Available Funding**” means the total amount of Loans outstanding under the Master Indenture plus amounts deposited in the Acquisition Funds and Recycling Funds under the Master Indenture.

“**Bonds**” shall mean the DelVal Local Government Revenue Bonds, 2023 Series A.

“**Bond Counsel**” means any law firm designated by DelVal having a reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds and which is reasonably acceptable to the Trustee.

“**Bondholder**” means, (i) in the event that the book-entry-only system of evidence and transfer of ownership is employed, Cede & Co., as nominee for DTC, or its successors, and (ii) in all other cases, the registered owner of any Bond.

“**Business Day**” means any day on which the Federal Reserve Bank of New York is open for general business.

“**Code**” means the *Internal Revenue Code of 1986*, as amended, and the regulations promulgated or proposed thereunder.

“**Commonwealth**” means the Commonwealth of Pennsylvania.

“**Compliance Charges**” mean amounts payable by the Participants under the Loan Agreements and Participant Notes in respect of compliance with the disclosure requirements of Rules 10b-5 and 15c2-12 of the Securities and Exchange Commission.

“**Counties**” means the Counties of Bucks, Chester, Delaware, and Montgomery in the Commonwealth.

**“Covenant Agreement”** means that certain undertaking by DelVal for the benefit of all present and future outstanding bond and swap obligations of DelVal dated as of April 9, 2001, amended and restated as of April 23, 2002, amended and restated as of April 12, 2004, amended and restated as of June 28, 2007, and amended and restated as of August 3, 2009.

**“Debt Act”** means the Pennsylvania *Local Government Unit Debt Act*, 53 Pa. C.S.A. §8001 *et seq.*

**“DelVal”** means the Delaware Valley Regional Finance Authority.

**“DelVal Series”** means any series of bonds issued by DelVal.

**“DTC”** means The Depository Trust Company, the securities depository for the book-entry only system of the applicable Bonds, and its successors and assigns.

**“DTC Participant” or “DTC Participants”** means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC system.

**“Eleventh Supplement”** means the Eleventh Supplemental Indenture to the Master Indenture, dated February 22, 2023, that authorized the issuance of the Bonds, between DelVal and the Trustee.

**“Excess Funds”** means the liquid assets that DelVal has accumulated under an Indenture Series or the Master Series that (i) are in excess of the liabilities and (ii) can be paid to and used by DelVal for any purpose.

**“Extraordinary Mandatory Redemption”** means the mandatory redemption of all or a portion of the Bonds as set forth in the Eleventh Supplement at the Extraordinary Mandatory Redemption Price.

**“Extraordinary Mandatory Redemption Date”** means the date that all or a portion of the Bonds are subject to Extraordinary Mandatory Redemption.

**“Extraordinary Mandatory Redemption Price”** means a price equal to (i) 100% of the Net Proceeds of the Bonds being redeemed, (ii) less the original issue premium (if any) amortized on a straight-line basis from the date of issuance to the Extraordinary Mandatory Redemption Date, and (iii) plus accrued interest to the Extraordinary Mandatory Redemption Date.

**“Favorable Opinion of Bond Counsel”** means, when used with respect to or in connection with any action, a written opinion of Bond Counsel or Special Tax Counsel to the effect that such action or failure to take action shall not adversely affect the excludability of interest paid on the DelVal Series from gross income for federal or Commonwealth income tax purposes.

**“Fixed Rate”** means a fixed interest rate borne by the Bonds.

**“GIC”** means Guaranteed Investment Contract.

**“Guarantor”** means a Local Government Unit that pledges its full faith, credit and taxing power to guarantee the Repayments of a Participant.

**“Indenture”** means, collectively, the Master Indenture between DelVal and the Trustee, and all supplemental indentures, including the Eleventh Supplement.

**“Indenture Series”** means, collectively, the bond series issued by DelVal prior to 2007 that were not issued under or secured by the Master Indenture.

**“Interest Accrual Date”** means the first day that interest begins to accrue for the next Interest Payment Date.

**“Interest Payment Date”** means any date that interest is paid to the Bondholders of the Bonds.

**“Investment Agreement” or “Investment Agreements”** means any written investment agreement or repurchase agreement relating to a DelVal Series entered into by the Trustee at the written direction of DelVal for the purpose of investing moneys deposited under the trust estates, and subject to the approval of DelVal.

**“ISDA”** means the International Swaps and Derivatives Association, Inc., or any designated successor thereto.

**“Issuance Date”** means the date of issuance of the Bonds, February 22, 2023.

**“Loan”** means a loan of a portion of the proceeds of a DelVal Series to a Participant pursuant to the terms of a Loan Agreement, through the purchase by DelVal of the Participant Note evidencing the Participant’s obligations to repay principal and interest on such loan.

**“Loan Documents”** means all of the approvals, agreement, certificates, and schedules required for the closing of a Loan, including (i) the approvals of the Administrator, DelVal Board, DCED, Participant Credit Enhancer (if any), Swap Counterparty (if required), and Credit Facility Provider (if any); (ii) the Participant Ordinance or Participant Resolution; (iii) the Loan Agreement, Participant Note, Participant Continuing Disclosure Agreement, and Participant Tax Compliance Agreement; (iv) Favorable Opinion of Bond Counsel, opinion of the DelVal solicitor, opinion of the Participant’s solicitor, and, if applicable, opinion of the Guarantor’s solicitor and (v) any other certificates or schedules required by the Administrator or Bond Counsel or required under a Supplemental Indenture.

**“Loan Interest” or “Participant Interest”** means the interest to be paid by the Participant on a Loan, as set forth in a Loan Agreement and a Participant Note.

**“Loan Payment Date”** means the 25<sup>th</sup> day of the month or, if that date is not a Business Day, the next succeeding Business Day, unless otherwise specified in the Loan Agreement.

**“Loan Prepayment Date”** means the date that the prepayment of all or a portion of a Loan is received.

**“Loan Principal”** means the principal to be paid by the Participant on a Loan, as set forth in a Loan Agreement and a Participant Note.

**“Loan Program”** means the program established by DelVal for financing the Projects of Local Government Units and other Participants by the issuance of the DelVal Series.

**“Local Government Unit”** means any county, county institution district, city, township, incorporated town, borough, school district, or any other similar general or limited purpose unit with taxing power located in the Commonwealth of Pennsylvania that is legally authorized to borrow money for a Project under the provisions of the *Debt Act*.

**“Master Indenture”** means that certain Master Trust Indenture from DelVal to the Trustee dated as of June 28, 2007, as amended and restated as of September 12, 2011, as amended and restated as of April 9, 2012, as amended and restated as of June 9, 2014, as amended and restated as of December 8, 2014, as amended and restated as of August 13, 2018, as amended and restated as of December 14, 2020, and as amended and restated as of January 10, 2022.

**“Master Series”** means any bond series issued under and secured by the Master Indenture.

**“Maturity Date”** means any date that a Bond matures, as shown on the inside cover of this Official Statement.

**“Maximum Rate”** means the lesser of (a) the highest interest rate that may be borne by the Loans under Commonwealth law and (b) 15% per annum.

**“Moody’s”** means Moody’s Investors Service, its successors and assigns.

**“Net Proceeds”** shall have the meaning set forth in and the amount determined pursuant to § 149(f)(2)(c) of the *Code* to which amount so determined shall be added earnings on the Net Proceeds to any applicable calculation date.

“NRSRO” means Nationally Recognized Statistical Rating Organization, a rating agency that meets the professional requirements of and is registered with the Securities and Exchange Commission.

“Optional Redemption Date” means any date on which DeVal exercises its option to redeem all or a portion of the Bonds prior to maturity commencing on or after the date six months prior to the respective maturity dates of the Bonds.

“Optional Redemption Price” means a price equal to 100% of the principal amount of the Bonds, plus accrued interest to the Optional Redemption Date, without premium.

“Participant” means and includes (i) a Local Government Unit located in the Commonwealth, that is legally authorized to borrow money for a Project under the provisions of the *Debt Act*, that executes a Loan Agreement and Participant Note pursuant to this Indenture and that pledges its full faith, credit and taxing power to guarantee payments of Loan Principal and Participant Interest under the Participant Note and Loan Agreement in accordance with the provisions of the *Debt Act* and otherwise covenants to pay amounts due under a Loan Agreement and a Participant Note, (ii) a political subdivision located in the Commonwealth, that is legally authorized to borrow money for a Project under the provisions of the *Debt Act* or *Authorities Act*, and that executes a Loan Agreement and Participant Note pursuant to this Indenture which Loan Agreement and Participant Note are guaranteed by a Guarantor, in accordance with the provisions of the *Debt Act*, (iii) a political subdivision located in the Commonwealth, that is legally authorized to borrow money for a Project under the provisions of the *Debt Act* or *Authorities Act*, that executes a Loan Agreement and Participant Note pursuant to this Indenture, and that has a written agreement with a Local Government Unit that will remain in effect for the term of the Loan Agreement and Participant Note and pursuant to which such Local Government Unit has agreed to pay on a current obligation basis, or otherwise, all amounts necessary to enable such entity to pay, *inter alia*, in each fiscal year thereof all debt service on indebtedness incurred in connection with a Project; and (iv) any authority organized under any law of the Commonwealth by or on behalf of any one or more Local Government Units, and that meets the following: (a) such entity shall execute a Loan Agreement and Participant Note pursuant to this Indenture which Loan Agreement and Participant Note shall be secured by a pledge and grant of revenues from such entity on a parity with all other debt of such entity and otherwise in form and substance acceptable to DeVal; (b) the Loan to such entity shall not cause, at the time the Loan is made, the total of all Loans outstanding to all entities under this subparagraph (iv) to exceed 20% of the Available Funding; and (c) the Loan Agreement is secured by a Participant Credit Enhancement or, at the time the Loan Agreement is executed, the Participant shall have long-term debt ratings from Moody’s or S&P of not less than “Aa3” or “AA-”, respectively, and the Loan Agreement and/or Participant Note shall contain the written agreement of the parties thereto that if while the Loan remains outstanding, the published rating of such entity is reduced below “Aa3” from Moody’s or “AA-” from S&P, or otherwise withdrawn by either of Moody’s or S&P (a “Rating Event”): (1) such entity shall, within one hundred eighty (180) days of the occurrence of such Rating Event or within one such additional ninety (90) day period as DeVal may agree, in its sole discretion: (x) procure Participant Credit Enhancement from a Participant Credit Enhancer; (y) provide a guarantee of a Guarantor in accordance with the provisions of the *Debt Act*; or (z) provide a written agreement with a Local Government Unit that shall remain in effect for the so long as the of the Loan Agreement and Participant Note remain outstanding and pursuant to which such Local Government Unit shall agree to pay on a current obligation basis, or otherwise, all amounts necessary to enable such entity to pay, *inter alia*, in each fiscal year thereof all debt service on indebtedness incurred in connection with a Project of such entity for which the Loan was made; or (2) such entity shall prepay the Loan in such amount and on such terms and conditions as are acceptable to DeVal, in its sole discretion, taking into account the structure of the Loan and the date of prepayment.

“Participant Continuing Disclosure Agreement” means the agreement under which a Participant and its Guarantor, if any, agrees to provide annual financial information to the municipal markets in accordance with the requirements of Rule 15c2-12 promulgated under the *Securities and Exchange Commission Act of 1934*, as amended and supplemented from time to time.

“Participant Credit Enhancement” means, with respect to a Loan Agreement, a municipal bond insurance policy, or a financial guaranty insurance policy, or a letter of credit, or other enhancement issued by a Participant Credit Enhancer to secure all or a portion of the Repayments of a Participant.

**“Participant Credit Enhancer”** means a municipal bond insurer or other financial institution with claims paying ability ratings (or equivalent ratings) of “Aa3” or higher by Moody’s, “AA-” or higher by S&P, or an equivalent rating by any other NRSRO.

**“Participant Note”** means the note executed and delivered by each Participant to evidence its obligation to make all payments under a Loan Agreement.

**“Participant Ordinance”** or **“Participant Resolution”** means the ordinance enacted or the resolution adopted by a Participant, in accordance with the provisions of the *Debt Act* or the *Authorities Act*, authorizing the issuance of the Participant Note and the sale thereof to DelVal, and approving the execution and delivery of the Participant’s Loan Agreement.

**“Participant Tax Compliance Agreement”** means a tax compliance agreement between DelVal and a Participant concerning compliance with the provisions of Section 103(a) of the *Code*, executed by a Participant in connection with its execution of a Loan Agreement.

**“Paying Agent”** means the Trustee as paying agent for the Bonds, or any successor thereto named by DelVal to act as Paying Agent or any paying agent named for a Series of Bonds in a Supplemental Indenture.

**“Political Subdivision”** means a Local Government Unit, an Authority, or any other entity created by statute in Pennsylvania that may incur debt under the *Debt Act* or the *Authorities Act*.

**“Project”** means a project, all or a portion of which is financed or refinanced by DelVal pursuant to the Indenture and a Loan Agreement, as defined in the *Debt Act* including, but not limited to: (i) construction, acquisition, maintenance, or repair of facilities, (ii) preliminary studies, testing, planning, or design, (iii) acquisition of land or rights in land, (iv) furnishings, machinery, and equipment, (v) revision of assessment of real property, (vi) funding of all or a portion of a reserve for liability insurance and self-insurance, (vii) funding of an unfunded actuarial liability, (viii) funding or refunding of debt incurred for any or all of the foregoing purposes, and (ix) funding a deficit or creating a revolving fund for improvements.

**“Qualified Interest Rate Management Agreement”** or **“QIRMA”** means an interest rate swap transaction or similar contractual agreement as set forth in the *Debt Act*.

**“Rebate Analyst”** means Calhoun Baker Inc., or such other law firm or consulting firm appointed by DelVal specializing in federal arbitrage “rebate” matters under § 148(f) of the *Code*.

**“Rebate Fund”** means the fund of that name created by the Master Indenture for funds restricted to rebate or Yield Reduction Payments.

**“Record Date”** means the 15<sup>th</sup> day of the calendar month preceding each Interest Payment Date for the Bonds.

**“Repayments”** means the payments of Loan Principal of and Loan Interest on the Participant Notes.

**“Reserve Requirement”** means all amounts required to be deposited and maintained in the Debt Service Reserve Fund, as set forth in the Indenture, which is the least of (i) 10% of the par amount of the Master Series, (ii) the maximum annual debt service payment of the Master Series, and (iii) 125% of the average annual debt service payments of the Master Series.

**“Resolution”** means that certain resolution adopted by the Board of Directors of DelVal on December 12, 2022 to authorize the issuance of the Bonds.

**“Revenues”** means any Subsidy Payments and all income, revenues, issues, profits and other sums of money received by DelVal from the Loan Agreements, Participant Notes, Guarantees, Swap Agreements and Participant Credit Enhancement, including, without limitation, all Repayments, Termination Charges, Liquidation Proceeds, Optional Prepayment Prices, and Swap Receipts.

“**S&P**” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, its successors and assigns.

“**SIFMA**” means the Securities Industry and Financial Markets Association, or any designated successor thereto.

“**SIFMA Index**” means the index of weekly, high grade, 7-day tax-exempt variable rate demand obligations, published weekly by 4:00 P.M. on Wednesday by Bloomberg Finance L.P., and in the event such rate is no longer determined, the replacement rate recognized by SIFMA.

“**Sinking Fund Depository**” shall mean the bank, trust company, or a bank and trust company, located and lawfully conducting business in Pennsylvania, appointed by a Local Government Unit to maintain the bank account, or sinking fund, to receive payments for debt incurred pursuant to the *Debt Act*.

“**Subsidy Payments**” means all payments or refundable tax credits received by DelVal from the United States of America or any agency or department thereof in connection with any particular Series of Bonds issued hereunder.

“**Supplemental Indenture**” means any supplements or amendments to the Master Indenture from time to time adopted by DelVal (i) in connection with the issuance of a new Master Series or (ii) to amend provisions of the Master Indenture.

“**Swap Agreement**” means an interest rate swap agreement with a Swap Counterparty under which DelVal may execute, from time to time, Swap Transactions in order to (i) hedge DelVal’s interest rate and basis risk and (ii) reduce the interest costs, provide diversification, and enhance debt management of Participants.

“**Swap Counterparty**” means (i) individually and collectively, one or more financial institutions which execute a Swap Agreement and which, at the time of execution of the Swap Agreement, by itself or as a result of a guarantee of a Swap Guarantor, has long-term, senior, unsecured debt ratings from two or more Rating Agencies in the “AA” category (or equivalent ratings) or higher or (ii) any financial institution which (a) replaces an existing Swap Counterparty or (b) is added as an additional Swap Counterparty where the existing Swap Counterparty is not replaced, in either event, under circumstances where any existing Swap Counterparty, whether or not replaced, is unwilling or unable to execute any new Swap Transactions or in the case of (b) is added as an additional Swap Counterparty to, as determined by the Administrator, mitigate counterparty risk by limiting the exposure of DelVal to the Swap Counterparties, which in either case would affect the ability of DelVal to achieve its programmatic objectives of providing variable interest rate and fixed interest rate loans to Participants at the lowest possible cost, which additional Swap Counterparty, at the time of execution of the initial Swap Agreement between such additional Swap Counterparty and DelVal, has long term, senior unsecured debt ratings (or equivalent ratings) from the Rating Agencies which are no lower than the unsecured debt ratings on an existing Swap Counterparty (or its Swap Guarantor).

“**Swap Payment**” means, under a Swap Agreement, an amount payable to a Swap Counterparty or by a Swap Counterparty equal to the periodic scheduled payments accruing on the notional amount specified in such Swap Transaction at a variable rate or a fixed rate computed in accordance with such Swap Agreement.

“**Swap Rate**” means the rate payable by DelVal with respect to a Swap Transaction, which rate shall not exceed the Maximum Rate.

“**Swap Receipts**” means, under a Swap Agreement, the amounts payable by a Swap Counterparty as Swap Payments or Termination Payments to DelVal in accordance with such Swap Agreement.

“**Swap Transaction**” means an interest rate swap transaction executed by DelVal under a Swap Agreement.

“**Tax Compliance Agreement**” means the Tax Compliance Certificate and Agreement of DelVal dated the date of delivery of the Bonds.

“**Termination Charge**” means the rate or charge, determined by the Administrator, representing a Participant’s allocable share of any Termination Payment payable by DelVal to a Swap Counterparty.

**“Termination Payment”** means the amount payable by DelVal or the Swap Counterparty in compensation for the termination of one or more Swap Transactions.

**“Trustee”** means initially TD Bank, N.A.

**“Underwriter”** means BofA Securities, Inc.

**“Variable Rate Loan”** means Loans which bear interest at a variable rate, as calculated by the Administrator.

**“Yield Reduction Payment”** or **“Yield Reduction Amount”** means any amount paid to the United States to reduce the yield on Investment Property (as defined in the *Code*) for yield restriction purposes pursuant to Treas. Reg. § 1.148-5(c).

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## THE BONDS

### Plan of Finance

The proceeds of the Bonds, together with certain other funds available therefor, will be used to provide funds to: (i) acquire Loans from DelVal's 2018 C Bonds, 2020 A Bonds, and other DelVal Series, (ii) fund a deposit to the Debt Service Reserve Fund, (iii) pay costs related to the issuance of the Bonds. The Bonds will be issued under and secured by the Master Indenture and the Eleventh Supplement. The estimated sources and uses of funds are shown below.

#### Estimated Sources and Uses of Funds

##### Sources of Funds

Local Government Revenue Bonds, 2023 Series A	\$141,030,000.00
Original Issue Premium	9,798,224.50
Less Underwriter's Discount	<u>(633,219.71)</u>
Total sources of funds	<u>\$150,195,004.79</u>

##### Uses of Funds

Deposit to the Acquisition Fund	\$142,205,000.00
Deposit to the Debt Service Reserve Fund	7,464,000.00
Deposit to the Costs of Issuance Fund (1)	<u>526,004.79</u>
Total uses of funds	<u>\$150,195,004.79</u>

(1) Includes legal fees, rating fees, printing fees, Trustee fees, Auditor fees, consulting fees, and all other costs of issuance.

DelVal expects to optionally redeem all of the outstanding \$50,000,000 2018 C Bonds and all of the outstanding \$100,000,000 2020 A Bonds on February 22, 2023, with: (i) proceeds of the Bonds used to acquire Loans, (ii) proceeds of other DelVal Series used to acquire Loans, and (iii) other available funds.

DelVal expects to execute swap transactions related to the Bonds with various Swap Counterparties to hedge its risk of changes in long-term interest rates and to provide fixed interest rate Loans to Participants. See "INTEREST RATE SWAP AGREEMENTS".

### Denominations, Interest Rates, Calculations, and Payments

The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000 in excess thereof, in book-entry only form, and DTC shall be the securities depository. The Bonds will bear interest at a Fixed Rate from the Issuance Date until the applicable stated Maturity Date, at the rates per annum, and mature in the amounts and on the dates as set forth on the inside cover of this Official Statement.

Interest Payment Dates of the Bonds will be semiannual on each March 1 and September 1, until the applicable Maturity Date, commencing on September 1, 2023, or, if applicable, the Optional Redemption Date or the Extraordinary Mandatory Redemption Date. Principal of the Bonds is payable on the applicable Maturity Date or, if applicable, the Optional Redemption Date or Extraordinary Mandatory Redemption Date. If the Interest Payment Date, Maturity Date, Optional Redemption Date or Extraordinary Mandatory Redemption Date is not a Business Day, the interest on or principal of the Bonds shall be paid on the succeeding Business Day, without any further accrual.

Interest Accrual Dates of the Bonds will be the Issuance Date and, thereafter, on each March 1 and September 1 prior to the applicable Maturity Date or, if applicable, the Optional Redemption Date or Extraordinary Mandatory Redemption Date, with no adjustment if such dates are not Business Days. Interest shall be calculated using the day count convention of a 30-day month and 360-day year.

## **Redemption**

The occurrence of an Optional Redemption or Extraordinary Mandatory Redemption of the Bonds may result in early termination of one or more Swap Agreements requiring Termination Payments to be made by or to DelVal. Any Termination Payments received by DelVal would be applied to the Optional Redemption Price or Extraordinary Mandatory Redemption Price of the Bonds and any Termination Payments made by DelVal would be paid from moneys in the Discretionary Fund or from moneys, if available, under the Covenant Agreement.

### **Optional Redemption of the Bonds**

The Bonds are subject to optional redemption prior to their stated maturity, at the option of DelVal, in whole or in part (in such amounts as may be specified by DelVal) on or after the date six months prior to the respective maturity dates of the Bonds at the Optional Redemption Price.

### **Extraordinary Mandatory Redemption**

The Bonds, in such maturities and order as DelVal may elect, are subject to Extraordinary Mandatory Redemption prior to maturity, in whole or in part, as applicable, on an Extraordinary Mandatory Redemption Date, as follows:

- 1) The date that DelVal determines that it no longer reasonably expects to originate or acquire Loans from the proceeds of any Master Series or Repayments; or
- 2) On any date, if DelVal, as a result of direction received from Bond Counsel, is required to take remedial action so that interest on the Bonds shall remain excluded from gross income for federal income tax purposes, and in the amount determined to be necessary so that interest on the Bonds shall remain excluded from gross income for federal income tax purposes.

Bonds subject to Extraordinary Mandatory Redemption shall be redeemed at the Extraordinary Mandatory Redemption Price.

### **Notice of Redemption**

Notice of each redemption shall be mailed to each Bondholder whose Bonds are being redeemed, and to the Administrator by first-class mail at least 15 days but not more than 30 days before each redemption date and shall contain the information required by the Indenture. As long as DTC, or its nominee, is the sole registered owner of the Bonds under the book-entry-only system, redemption notices will be sent to Cede & Co.

Failure by the Trustee to give any notice of redemption shall not affect the validity of the call for redemption of any Bonds in respect of which no such failure has occurred. Any notice mailed as provided in the Bonds shall be conclusively presumed to have been given whether or not actually received by any Bondholder.

In the event that any Bonds are called for redemption and the amounts required for payment of the redemption thereof are not on deposit with the Trustee on the redemption date, the Trustee shall notify the registered owners of such Bonds that the redemption has been rescinded and shall return any Bonds surrendered for redemption to the registered owners thereof, and DelVal, the Trustee, and the registered owners shall be restored to their prior position.

### **Selection of Bonds to Be Redeemed**

Whenever provision is made for the redemption of less than all of the Bonds, DelVal shall select the Bonds to be redeemed by lot or in any other manner which DelVal in its sole discretion shall deem appropriate.

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## BOOK-ENTRY-ONLY SYSTEM

*The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and neither DelVal nor the Underwriter make any representation or warranty or take any responsibility for the accuracy or completeness of such information.*

DTC will act as securities depository for the Bonds (the "DTC Bonds"). The DTC Bonds will be issued as fully-registered securities, registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of each Series of the Bonds as set forth on the inside front cover of this Official Statement, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the *Securities Exchange Act of 1934*. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of DTC Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Bonds on DTC's records. The ownership interest of each actual purchaser of each DTC Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the DTC Bonds, except in the event that use of the book-entry system for the DTC Bonds of a series is discontinued.

To facilitate subsequent transfers, all DTC Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the DTC Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Bonds, DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of DTC Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the DTC Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture, as applicable. For example, Beneficial Owners of DTC Bonds may wish to ascertain that the nominee holding the DTC Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the

alternative, Beneficial Owners may wish to provide their names and addresses to the bond registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the DTC Bonds of a series within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the DTC Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, purchase price, premium, if any, and interest payments on the DTC Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or DelVal, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, purchase price, premium, if any, and interest on the DTC Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the DTC Bonds at any time by giving reasonable notice to DelVal or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

DelVal may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, applicable Bonds certificates will be printed and delivered to DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE DTC BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDER OF THE DTC BONDS OR REGISTERED OWNERS OF THE DTC BONDS SHALL MEAN DTC AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE APPLICABLE DTC BONDS.

DelVal and the Paying Agent do not have any responsibility or obligation to the Direct Participants, Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (b) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal, purchase price and redemption price of and interest on the DTC Bonds; (c) the delivery or timeliness of delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner, which is required or permitted under the terms of the Indenture to be given to Holders; or (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Holders.

NEITHER DELVAL NOR THE TRUSTEE SHALL HAVE ANY OBLIGATION WITH RESPECT TO ANY DEPOSITORY PARTICIPANT OR BENEFICIAL OWNER OF THE DTC BONDS DURING SUCH TIME AS THE DTC BONDS ARE REGISTERED IN THE NAME OF A SECURITIES DEPOSITORY PURSUANT TO A BOOK-ENTRY ONLY SYSTEM OF REGISTRATION.

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## SECURITY FOR THE BONDS

### The Master Indenture

The Bonds will be issued under the Master Indenture and the Eleventh Supplement, and will be equally and ratably secured, to the extent provided therein, together with all Master Series issued under the Indenture by the Trust Estate (the “Trust Estate”). The Trust Estate of the Indenture includes:

- 1) the Revenues, the Participant Notes, the Loan Agreements (other than the rights of DeIVal to indemnification or payment of expenses under the Loan Agreements) for Loans pledged under or assigned to the Indenture,
- 2) all right, title and interest of DeIVal in and under the Swap Agreements and the Swap Receipts (other than the rights of DeIVal to indemnification or payment of expenses under the Swap Agreements) for Swap Transactions related to the Master Series or Loans pledged under or assigned to the Indenture,
- 3) all right, title and interest of DeIVal under the Investment Agreements (other than DeIVal’s rights to indemnification or payment of expenses under the Investment Agreements) for moneys invested from accounts or funds created under the Indenture,
- 4) the right, title and interest of DeIVal in any Participant Credit Enhancement for Loans pledged under or assigned to the Indenture,
- 5) all moneys and securities (including investment income therefrom) and all other property of every kind and of every name and nature which are now or from time to time hereafter, pledged, assigned or transferred as security to the Trustee under the Indenture by DeIVal or by anyone on its behalf, and all cash and securities now or hereafter held in the Funds under the Indenture (excluding the Revenue Fund and the Discretionary Fund to the extent of Excess Funds as provided in the Covenant Agreement), and
- 6) all right, title and interest of DeIVal in all Credit Facilities securing any Master Series.

Any amounts credited to the Rebate Fund and the Discretionary Fund of a Master Series to the extent provided in the Covenant Agreement shall be free and clear of any lien under the Indenture.

Under the Master Indenture, the Swap Payments and Swap Transactions pledged under or assigned to the Master Indenture to be made by DeIVal pursuant to Swap Agreements, but not Termination Payments, are equally and ratably secured by the Trust Estate. Termination Payments due from DeIVal under Swap Agreements are payable only from the Discretionary Fund, and Termination Payments are subject and subordinate to payment of the principal and redemption price of and interest due and owing on the Master Series and the Swap Payments due and owing under any Swap Agreement.

### Funds and Accounts

The Master Indenture creates the following Funds and Accounts:

- 1) Revenue Fund and within the Revenue Fund, a Principal Account, an Interest Account, and a Program Administration Account,
- 2) Acquisition Fund,
- 3) Recycling Fund,
- 4) Redemption Fund,
- 5) Rebate Fund,
- 6) Discretionary Fund,
- 7) Debt Service Reserve Fund, and
- 8) Costs of Issuance Fund.

The Indenture authorizes the Trustee to create additional accounts and subaccounts in the Funds at the direction of the Administrator in order to segregate moneys or to accomplish any other administrative purpose and to comply with the provisions of any Supplemental Indenture authorizing issuance of a new Master Series.

## **Acquisition Fund and Recycling Fund**

The Indenture provides that all Loans will be initially originated or acquired from the Acquisition Fund. When Loans are amortized or prepaid, the repayments of Loan Principal will be deposited into the Recycling Fund. When the Acquisition Fund is depleted, the Recycling Fund will be used to originate or acquire Loans. DeVal is required to obtain a Favorable Opinion of Bond Counsel prior to making Loans from the Acquisition Fund or Recycling Fund.

## **Revenue Fund**

The Master Indenture requires the following to be deposited into the Revenue Fund, as and when received:

- 1) all Repayments received from Participants, Guarantors, and Participant Credit Enhancers;
- 2) all Swap Receipts and Termination Payments received from a Swap Counterparty;
- 3) all earnings on Funds invested under the Indenture;
- 4) moneys transferred from other Funds under the Indenture;
- 5) moneys received in connection with a Participant Default and the exercise of remedies under a Loan Agreement or Guarantee;
- 6) all moneys contributed by DeVal and all moneys transferred pursuant to the Covenant Agreement at the direction of the Administrator;
- 7) to the extent and as provided in a Supplemental Indenture, moneys representing a draw on any Credit Facility to make payment of the principal of and interest on any Master Series for which a Credit Facility has been provided, deposited in a separate account and not commingled with any other funds; and
- 8) Subsidy Payments.

The Master Indenture requires that moneys in the Revenue Fund shall be used for the following payments and transfers on the following dates and in the following order of priority; provided, however, that draws on any Credit Facility to pay principal of or interest on a Master Series shall be paid directly to the Bondholders or as provided in a Supplemental Indenture and Subsidy Payments shall be used as set forth in the Master Indenture:

- 1) on each Interest Payment Date and each Swap Payment Date that is also an Interest Payment Date, to pay interest on the Master Series or, if interest on the Master Series has been paid from a draw on a Credit Facility, to reimburse the Credit Facility Provider, and to pay any Swap Payments due under any Swap Agreements;
- 2) on each Swap Payment Date that is not an Interest Payment Date, to make the Swap Payments due under any Swap Agreements;
- 3) on each Principal Payment Date, to pay the principal due on the Master Series or, if the principal due on the Master Series has been paid from a draw on a Credit Facility, to reimburse the Credit Facility Provider;
- 4) on each Loan Payment Date and Loan Prepayment Date, to the Recycling Fund (and the applicable sub-account thereof), Repayments (from whomever paid) constituting Loan Principal on Participant Notes pursuant to the Loan Agreements;
- 5) on each Loan Payment Date and Loan Prepayment Date, to the Discretionary Fund, Termination Charges received;
- 6) as necessary, to pay Administrative Expenses;
- 7) as necessary, to the Debt Service Reserve Fund, to the extent required to replenish any deficiency therein;
- 8) if DeVal shall have received notice of an early termination under any Swap Agreement and notice that a Termination Payment will be due to a Swap Counterparty, the Administrator shall direct the Trustee to transfer to the Discretionary Fund, if necessary, an amount sufficient to make the Termination Payment; and
- 9) from time to time, to the Discretionary Fund in such amounts as may be directed by the Administrator.

## **Redemption Fund**

Funds will be transferred to the Redemption Fund from the Acquisition Fund or the Recycling Fund in the event of an Optional Redemption or Extraordinary Mandatory Redemption if (i) the proceeds are no longer required for the Loan Program or (ii) redemption of Bonds is necessary to comply with the provisions of the *Code*.

## **Rebate Fund**

A Rebate Analyst will calculate the amount necessary to be deposited in the Rebate Fund to make rebate payments and/or Yield Reduction Payments to the United States, pursuant to Section 148 of the *Code* not later than 60 days after each fifth bond year for each Master Series and not later than 60 days after the payment in full of all outstanding Master Series. Each Participant will be notified of the amount required to be deposited in the Rebate Fund applicable to each Loan and the amount then on deposit in the Rebate Fund applicable to such Loan, and each Participant will be required to pay any deficiency to the Trustee. If such amount is not paid within five days after receipt of such notice by a Participant, the Administrator shall direct the Trustee to immediately transfer to the Rebate Fund that amount, first from the Discretionary Fund, second from the Acquisition Fund, and third from the Recycling Fund, to the extent of moneys available therein. Rebate amounts and/or Yield Reduction Amounts with respect to amounts not loaned or otherwise attributable to Participants will also be transferred from the foregoing funds, to the extent available. Amounts credited to the Rebate Fund will be free and clear of any lien under the Indenture.

## **Discretionary Fund**

Termination Charges received from a Participant, Guarantor, or Participant Credit Enhancer pursuant to a Loan Agreement, and amounts received pursuant to the Covenant Agreement for a Termination Payment to a Swap Counterparty, shall be deposited in the Discretionary Fund. Termination Payments shall be subject and subordinate to payments of interest, principal or redemption price of the Master Series then due and owing and to Swap Payments then due and owing. Amounts in the Discretionary Fund shall be applied to the following:

- 1) Transfers to the Revenue Fund to pay interest, principal, or redemption prices on Bonds then due (or to reimburse the provider of a Credit Facility which secures a Series of Bonds and which has made a payment thereon) and to make Swap Payments when other moneys available to the Trustee are insufficient;
- 2) Termination Payments then due to Swap Counterparties;
- 3) Deposits to the Rebate Fund or Extraordinary Payments;
- 4) Transfers to the Revenue Fund to pay any Administrative Expenses under the Indenture when other moneys available to the Trustee are insufficient;
- 5) Transfers to the Revenue Fund to pay the costs or expenses related to origination of any Loan funded by any Master Series;
- 6) Transfers to make a payment under the Covenant Agreement at the direction of the Administrator, provided (A) that a Termination Payment is not then due and owing and (B) that the payment will not cause the total liabilities to exceed the total assets under the Indenture; and
- 7) Transfers to DeIVal, provided (A) that a Favorable Opinion of Bond Counsel is given, (B) that no Termination Payment is then due and owing, and (C) that the payment will not cause the total liabilities to exceed the total assets under the Indenture.

## **Debt Service Reserve Fund**

A portion of the proceeds of the Bonds will be deposited into the Debt Service Reserve Fund. When, and only when, sufficient funds are not available for such purposes in the Revenue Fund or Discretionary Fund, moneys in the Debt Service Reserve Fund shall be applied (i) to make payments of principal and interest on all Master Series issued pursuant to the Master Indenture and (ii) to make Swap Payments related to the Master Series. Earnings on the Debt Service Reserve Fund are to be retained in that fund to the extent necessary for the fund to equal the Reserve Requirement, and thereafter such earnings are to be transferred to the Revenue Fund. The Reserve Requirement for the Master Series is the maximum amount permitted under the *Code*: the least of (i) 10% of the par amount of the Master Series, (ii) the maximum annual debt service payment of the Master Series, and (iii) 125% of the average annual debt service payment of the Master Series. After the issuance of the Bonds, the Reserve Requirement for the Master Series will be \$38,888,000.

## **Loan Agreement and Participant Note**

The Bonds are secured by the Trust Estate including all Loan Agreements and Participant Notes. Repayments of Participants that are Local Government Units are secured by the full faith, credit, and taxing power of the Local Government Unit and, if applicable, its Participant Credit Enhancer. Repayments of Participants that are Authorities are secured by a pledge of revenues of that Authority and, if applicable, the pledge of the full faith, credit, and taxing power of its Guarantor and, if applicable, its Participant Credit Enhancer. Pledges of the full faith, credit, and taxing

power are payable from the revenues of the Local Government Unit from whatever source derived, which revenues at the time of issuance of the Bonds include ad valorem taxes within limits provided by applicable law, levied upon all the taxable property within the boundaries of the Local Government Unit. School districts no longer have unlimited power to increase ad valorem taxes or levy additional taxes. See “TAXING POWERS OF LOCAL GOVERNMENT UNITS.” The issuance of each Participant Note to a Local Government Unit or to an Authority with a Guarantor will not occur until the Department of Community and Economic Development of the Commonwealth, pursuant to the *Debt Act*, has approved the debt evidenced by the Loan Agreement and Participant Note or the Guaranty, as applicable.

DelVal may originate Loans to Authorities that are not secured by a Guarantor or Participant Credit Enhancement if at the time the Loan Agreement is executed, such Authority has long-term debt ratings from Moody’s or S&P of not less than “Aa3” or “AA-”, respectively.

The Loan Agreement and/or Participant Note with an Authority shall contain the written agreement of the parties thereto that if while the Loan remains outstanding, the published rating of such entity is reduced below “Aa3” from Moody’s or “AA-” from S&P, or otherwise withdrawn by either of Moody’s or S&P (a “Rating Event”): (1) such entity shall, within one hundred eighty (180) days of the occurrence of such Rating Event or within one such additional ninety (90) day period as DelVal may agree, in its sole discretion: (x) procure a Participant Credit Enhancement from a Participant Credit Enhancer; (y) provide a guarantee of a Guarantor in accordance with the provisions of the *Debt Act*; or (z) provide a written agreement with a Local Government Unit that shall remain in effect for the so long as the of the Loan Agreement and Participant Note remain outstanding and pursuant to which such Local Government Unit shall agree to pay on a current obligation basis, or otherwise, all amounts necessary to enable such entity to pay, *inter alia*, in each fiscal year thereof all debt service on indebtedness incurred in connection with a Project of such entity for which the Loan was made; or (2) such entity shall prepay the Loan in such amount and on such terms and conditions as are acceptable to DelVal, in its sole discretion, taking into account the structure of the Loan and the date of prepayment.

In the Master Indenture, DelVal has covenanted with respect to Loans to Authorities that are not secured by the full faith, credit, and taxing power of a Guarantor, that each Loan to such an Authority shall not cause, at the time the total of all Loans outstanding to such Authorities to exceed an aggregate principal amount greater than 20% of the Available Funding.

Each Participant receives the entire amount of its Loan upon the execution of its Loan Agreement and the issuance of its Participant Note.

### **Repayments**

The schedule of Loan Principal payments due on each Loan is set forth in each Participant Note. The Indenture and each Loan Agreement provide that the Administrator shall calculate the Loan Interest. For such purpose, the Administrator shall include (i) the payments of principal of and interest on the related Bonds, (ii) receipts and payments under any Swap Agreements, and (iii) each Participant’s allocable share of administrative expenses (“Administrative Expenses”). Administrative Expenses include any expenditures of DelVal reasonably and necessarily incurred by reason of its issuance of DelVal Series or for the Loan Program, as determined by the Administrator, including, without limitation, charges for compliance (the “Compliance Charges”) with the *Code*, auditing fees and expenses, non-asset bond costs, the fees and expenses of the Trustee, the Administrator and all other legal, financial and administrative expenses incurred by DelVal with respect to the Loan Program, the maintenance of prudent levels of liquidity to provide sufficient levels of operating cash flow, as determined by the Administrator and any expenses incurred by DelVal or the Trustee to compel full and punctual performance of all the provisions of this Indenture, the Loan Agreements or the Participant Notes. As directed by the Administrator, the Trustee bills each Participant for the amounts of the Loan Principal and Loan Interest (collectively, the “Repayments”) due.

### **Participant Credit Enhancement**

The Administrator requires certain Loans to be secured by a Participant Credit Enhancement in order to maintain the credit quality of the Loan portfolio and to comply with rating tests of the Covenant Agreement. The provider of the Participant Credit Enhancement (each, a “Participant Credit Enhancer”) controls the repayment of the applicable Loan if a Participant defaults on a Loan secured by a Participant Credit Enhancement. As long as the Participant Credit Enhancer is not in default on its payment obligations to DelVal, the Loan cannot be accelerated or

the related Swap Transactions terminated without the consent of the Participant Credit Enhancer. The Participant Credit Enhancer would seek to enforce the remedies available under *Debt Act*.

### **Termination Charges**

In the event that DelVal incurs a Termination Payment due to the early termination of a Swap Transaction, the Administrator may calculate and assess a Termination Charge equal to the Participant's allocable share of the Termination Payment, payable on the date directed by the Administrator. Under the Loan Agreement, the Participant has a contractual obligation to pay the Termination Charge, but the payment of the Termination Charge is not secured by the pledge of the full faith, credit and taxing power of the Local Government Unit Participant or Guarantor. If funds to pay the Termination Charge are not available for appropriation in its current fiscal year budget, the Participant covenants in the Loan Agreement and, if applicable, the Guarantor covenants, to include the Termination Charge in its budget in the next fiscal year. The *Debt Act* also permits a Local Government Unit to treat the Termination Charge as "unfunded debt" (as such term is defined in the *Debt Act*) and to issue debt to fund payment of the Termination Charge.

### **Sinking Funds of the Participants**

The *Debt Act* requires that each Local Government Unit create an account to deposit payments for any debt incurred under the *Debt Act*. This account, or sinking fund, shall be maintained by a bank, trust company, or a bank and trust company, appointed by the Local Government Unit, located and lawfully conducting business in Pennsylvania (a "Sinking Fund Depository"). The ordinance or resolution that authorizes the incurrence of a Loan by each Participant will appoint the Trustee as its Sinking Fund Depository. The Sinking Fund Depository shall transfer the Repayments received from the Participants from the sinking funds of the Participants to DelVal's Revenue Fund.

### **Remedies under the *Debt Act***

The *Debt Act* provides that if a Local Government Unit with general taxing powers fails or refuses to make adequate provision in its budget for any fiscal year for the sums payable in receipt of bonds in that year (which for such purpose includes payments of Loan Principal and Loan Interest under the Loan Agreement) (i) then at the suit of the holder of any bond, the Court of Common Pleas shall, after a hearing held upon such notice to the Local Government Unit as the Court may direct and a finding of such failure or neglect, by order of mandamus require the treasurer of the Local Government Unit to pay into the sinking fund the first tax moneys or other available revenues or moneys thereafter received in the fiscal year by the treasurer, equally and ratably for each series for which provision has not been made, in proportion to debt service for the year on each series then outstanding and (ii) further, if a Local Government Unit fails or neglects to pay such interest and principal as the same becomes due and payable and the failure continues for 30 days, the holder thereof may, subject to certain priorities set forth in the *Debt Act*, recover the amount due in an action in the Court of Common Pleas and the judgment recovered shall have an appropriate priority upon the moneys next coming into the treasury of the Local Government Unit.

Under the *Debt Act*, if a Local Government Unit fails or refuses to budget for any fiscal year a periodic scheduled payment due in that year pursuant to the provisions of a Qualified Interest Rate Management Agreement and payable from the general revenues of the Local Government Unit, the other party to the Qualified Interest Rate Management Agreement may bring an enforcement action in a court of common pleas. After a hearing held upon notice to the Local Government Unit, if the court finds such a failure or refusal, the court may, by order of mandamus, require the treasurer of the Local Government Unit to pay to the other party out of the first tax money or other available revenue or money thereafter received in the fiscal year by the treasurer the periodic scheduled payments due pursuant to the provisions of the Qualified Interest Rate Management Agreement (subject to the *Debt Act* priority for tax anticipation notes) and § 8281(c)(8) of the *Debt Act* (relating to Qualified Interest Rate Management Agreements). In addition, if a Local Government Unit fails to pay any amount due under a Qualified Interest Rate Management Agreement when it becomes due and payable, and such failure continues for 30 days, the other party to the Qualified Interest Rate Management Agreement may bring an action in a court of common pleas to recover the amount due, subject to certain priorities set forth in the *Debt Act* and any limitations upon rights of action properly provided in the Qualified Interest Rate Management Agreement.

### **Loan Agreements with School Districts**

Under the provisions of § 6-633 of the *Public School Code*, if any school district fails to make its required debt service payments with respect to indebtedness (such as a school district's debt under the Participant Note and the Loan Agreement), the Secretary of Education of the Commonwealth shall notify the board of directors of its obligation

and withhold, subject, in the event of certain circumstances when the Commonwealth has not adopted a budget for the fiscal year, to compliance by the subject school district with *Act No. 85 of 2016* (P.L. 664, No. 85), from such school district, out of any Commonwealth appropriation due such school district by the Commonwealth, an amount equal to the debt service payments owed by such school district. These withholding provisions are not part of any contract with DelVal, or with the holders of DelVal's bonds, and future legislation may amend or repeal the provisions for the withholding of debt service payments. Other withholding provisions of the *Public School Code* (e.g., the provision for the withholding of unpaid teachers' salaries) may limit the effectiveness of the withholding provisions for debt service in § 6-633. The enforcement of § 6-633 may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors' rights generally. No assurance can be given that any debt service payments subject to the Section 6-633 withholding provisions will be received on the date that the debt service payments are due.

Under the provisions of the *Debt Act*, if the board of directors of a school district fails to pay or provide for the payment of periodic scheduled payments, due pursuant to a Qualified Interest Rate Management Agreement, the Secretary of Education of the Commonwealth (if the Secretary finds that the amount due and payable by the school district has not been paid) is required to withhold out of any state appropriation due the school district an amount equal to the amount so due and pay that amount over to the party to whom it is due. Under the *Debt Act*, a Qualified Interest Rate Management Agreement is defined as an agreement entered into by a Local Government Unit fulfilling certain requirements and which, in the judgment of the Local Government Unit, is designed to manage interest rate risk or interest cost on any debt the Local Government Unit is authorized to incur under the *Debt Act*. Each Loan Agreement is intended to constitute a Qualified Interest Rate Management Agreement with respect to Repayments, contains the provisions required by the *Debt Act*, and requires the Participant to take all steps necessary to qualify the Loan Agreement as such.

The *Debt Act*, as it applies to the general obligation debt of school districts, prescribes certain other remedies in the event of a failure to make timely debt service payments. If a school district fails to pay debt service on a general obligation debt for a period of 30 days from the date when payment becomes due and payable, the holder of that debt shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas in the county in which the school district is located. The *Debt Act* also provides that any judgment shall have an appropriate priority upon moneys next coming into the treasury of the school district. The *Debt Act* further provides that upon default in the payment of principal and interest, which continues at least 30 days, holders of at least 25% of such defaulted debt may appoint a trustee to represent them. The *Debt Act* provides certain other remedies and further qualifies the remedies described above in "Remedies under the *Debt Act*".

All public school subsidies in the Commonwealth are subject to appropriation by the General Assembly. The Constitution of the Commonwealth provides that "...[t]he General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to service the needs of the Commonwealth..." However, the General Assembly is not legally obligated to appropriate such subsidies and no assurance can be given that it will do so in the future. The allocation formula pursuant to which the Commonwealth distributes such subsidies to the various school districts throughout the Commonwealth may be amended at any time by the General Assembly. Moreover, the Commonwealth's ability to make such disbursements depends upon its own financial condition. At various times in the past, the enactment of budget and appropriation laws by the Commonwealth has been delayed, resulting in interim borrowing by school districts pending the authorization and payment of state aid. Consequently, no assurance can be given that financial support from the Commonwealth to school districts, for either capital projects or education programs in general, will continue at present levels or that moneys will be payable to a school district if indebtedness of such school districts is not paid when due. In addition, under the *Taxpayer Relief Act*, such school districts may not increase the rate of taxes levied for the support of schools above an inflation index in order to pay the interest and principal on debt without voter approval unless the tax has been approved by the voters in a referendum or one of the other limited exemptions to such voter approval is utilized. See "TAXING POWERS OF LOCAL GOVERNMENT UNITS - *Taxpayer Relief Act of 2006*".

### **Participant Tax Compliance Agreement**

The Indenture requires, as a condition of closing a Loan, that each Participant enter into a Participant Tax Compliance Agreement, which, based upon the advice of Bond Counsel, are believed to be sufficient in order that the interest on the Bonds remain excludible from the gross income of the holders thereof under the *Code*.

## **Covenant Agreement**

DelVal adopted the Covenant Agreement on April 9, 2001, to improve the security of the bondholders of all DelVal Series. The Covenant Agreement was amended and restated on April 23, 2002, April 12, 2004, June 28, 2007 and August 3, 2009. Under the terms of the Covenant Agreement, DelVal pledges to use, in accordance with the provisions of each Trust Indenture, any available unrestricted funds (the “Excess Funds”) to:

- 1) replenish any deficiency of a debt service reserve fund or
- 2) pay any debt service payments, periodic interest rate swap payments, administrative expenses, and interest rate swap termination payments.

See “APPENDIX I: DELAWARE VALLEY REGIONAL FINANCE AUTHORITY” and “APPENDIX II: FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021” for more information.

## **Payments to Bondholders and Swap Counterparties**

DelVal’s pledge to make scheduled interest rate swap payments to Swap Counterparties is on parity with its pledge to make debt service payments to Bondholders. The priority of payments for debt service on the Bonds and Swap Payments to Swap Counterparties is from:

- 1) the Revenue Fund,
- 2) the Discretionary Fund,
- 3) moneys provided pursuant to the Covenant Agreement,
- 4) any moneys available in the Debt Service Reserve Fund, and
- 5) any other moneys in the Trust Estate available to the Trustee.

Termination Payments shall be paid only from Excess Funds, moneys in the Discretionary Fund or provided pursuant to the Covenant Agreement, and only after payment in full of all Debt Service and all Swap Payments then due and payable.

See “APPENDIX I: DELAWARE VALLEY REGIONAL FINANCE AUTHORITY– INTEREST RATE SWAP AGREEMENTS” and “APPENDIX II: FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 – NOTE 6. DERIVATIVE TRANSACTIONS” for more information.

## **Investments**

The funds held by DelVal, pending the origination of Loans and otherwise, are invested in GIC’s and other investments that satisfy the requirements of the respective indentures of the DelVal Series. DelVal’s short-term investments are generally restricted to instruments with ratings of “P-1” from Moody’s or “A-1” or higher from S&P, and DelVal’s long-term investments are generally restricted to instruments with ratings of “Aa3” or higher from Moody’s or “AA-” or higher from S&P. See “APPENDIX I: DELAWARE VALLEY REGIONAL FINANCE AUTHORITY– INVESTMENTS” for more information.

## **Special Limited Obligations**

THE BONDS ARE SOLELY AND EXCLUSIVELY LIMITED, SPECIAL OBLIGATIONS OF DELVAL. DELVAL SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL, INTEREST OR REDEMPTION PRICE OF THE BONDS EXCEPT FROM THE TRUST ESTATE IN THE MANNER PROVIDED IN THE INDENTURE AND TO THE EXTENT PROVIDED IN THE COVENANT AGREEMENT, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING DELVAL, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AMOUNT, INTEREST OR REDEMPTION PRICE OF THE BONDS. DELVAL HAS NO TAXING POWER.

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## TAXING POWERS OF LOCAL GOVERNMENT UNITS

A Local Government Unit may levy an annual ad valorem tax on all taxable real estate to pay debt service on indebtedness, such as Repayments under a Loan Agreement, incurred pursuant to the *Debt Act*. Under the *Local Tax Enabling Act*, certain Local Government Units may also assess other taxes that can be used to pay debt service. However, under the *Taxpayer Relief Act*, school districts must not increase ad valorem taxes in excess of an inflation index or impose any new tax without voter approval in a referendum. See “SECURITY FOR THE BONDS – Loan Agreement and Participant Note – Loan Agreements with School Districts”.

### Local Tax Enabling Act

Under the *Local Tax Enabling Act*, additional taxes may be levied by cities of the second class, cities of the second class A, cities of the third class, boroughs, towns, townships of the first class, townships of the second class, school districts of the second, third and fourth classes (subject to division among political subdivisions authorized to levy similar taxes on the same person, subject, business, transactions or privilege) subject to the following limitations:

#### Limitations of Local Tax Enabling Act

<u>Type of Tax</u>	<u>Limit</u>
Per Capita Tax	\$ 10.00
Earned income tax on wages, salaries, commissions, and other income	1.00%
Sales tax on transfer of real property	1.00%
Local Services Tax	\$ 52.00
Flat rate occupation and occupational privilege tax	\$ 10.00
Admissions tax (1)	10.00%
Tax on occupations (millage or percentage basis)	No limit (2)

(1) Except to motion picture theaters in cities other than of the second class.

(2) Subject to the overall limit set by the *Local Tax Enabling Act*.

The aggregate amount of taxes under the *Local Tax Enabling Act* shall not, in the case of any political subdivision, exceed an amount equal to the product obtained by multiplying 12 mills by the latest market value of real estate as determined by the board for the assessment and revision of taxes or any similar board established by the assessment laws which determine market values of real estate within the political subdivision, or, if no such board has determined such values, then the values as certified by the State Tax Equalization Board of the Commonwealth of Pennsylvania shall be used. The limitation for certain independent school districts is an amount equal to the product obtained by multiplying 15 mills by the latest market value of real estate determined as described above.

### Taxpayer Relief Act of 2006

Under Pennsylvania *Act No. 1 of the Special Session of 2006*, as amended by *Act 25 of 2011* (together “*The Taxpayer Relief Act*” or “*Act 1*”), a school district (other than Philadelphia, Pittsburgh and Scranton) may not levy any tax for the support of the public schools which was not levied in the previous fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the *Local Tax Enabling Act*, or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions summarized below is applicable and the use of such exception is approved by Pennsylvania Department of Education (“PDE”):

- 1) to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior *Homeowner Tax Relief Act, Act 72 of 2004* (“*Act 72*”), or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to *Act 72*; to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;

- 2) to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances; and
- 3) to make payments into the State Public School Employees' Retirement System when the increase in the estimated payments between the current year and the upcoming year is greater than the Index, as determined by PDE in accordance with the provisions of *Act 1*.

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered i) above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by PDE. If a school district's petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

The Index (to be determined and reported by PDE by September of each year for application to the following fiscal year) is the average of the percentage increase in the statewide average weekly wage, as determined by the State Department of Labor and Industry for the preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor Statistics for the preceding 12-month period beginning July 1 and ending June 30.

The requirement of voter approval for tax increases by school districts may adversely impact the ability of those school districts to increase taxes, irrespective of the actual level of state funding made available to that school district. School districts no longer have the power to levy taxes in an unlimited amount. However, the *Taxpayer Relief Act* does not alter the provisions of the *Debt Act* that provide remedies upon the failure of a Local Government Unit (including a school district) to meet its payment obligations under a Loan Agreement with DelVal or the provisions of the *Public School Code* requiring the withholding of state appropriations for payment of defaulted school district loan payments.

THE SUMMARY OF ACT 1 ABOVE IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 1 NOR A LEGAL INTERPRETATION OF ANY PROVISIONS OF ACT 1. A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 1 AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

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## INTEREST RATE SWAP AGREEMENTS

DelVal has entered into interest rate swap transactions after the issuance of each series of DelVal Bonds since 1997. DelVal entered into the swap agreements to hedge its exposure to future changes in long-term interest rates and to provide Fixed Rate Loans to Participants. DelVal has executed Swap Agreements with six Counterparties:

- 1) Bank of America, N.A.,
- 2) Barclays Bank PLC,
- 3) Citibank, N.A.,
- 4) PNC Bank, National Association,
- 5) Royal Bank of Canada, and
- 6) The Toronto-Dominion Bank.

### Early Termination

Each Swap Agreement specifies certain events of default and certain other events related to or affecting the performance or financial condition of DelVal, a Participant, a Guarantor, a Participant Credit Enhancer, or the Swap Counterparty, that could precipitate the termination of all or a portion of the Swap Agreement prior to its scheduled termination date (an “Early Termination”). In the event of an Early Termination, either DelVal or the Counterparty could be obligated to make a Termination Payment, which could be substantial, based upon the replacement cost or gain of the portion of the Swap Agreement being terminated. Events that may cause Early Termination under the Swap Agreement include, but are not limited to:

- 1) failure to pay or other breach of obligations by a Swap Counterparty, DelVal, or a Participant or its Guarantor;
- 2) certain events of bankruptcy, insolvency or dissolution of a Swap Counterparty, DelVal, a Participant or its Guarantor;
- 3) merger of a Swap Counterparty, DelVal, or any Participant or its Guarantor, or transfer of substantially all of the assets of such entity, where the resulting, surviving or transferee entity fails to assume the obligations of its predecessor or is of materially weaker creditworthiness;
- 4) failure by DelVal to meet rating tests of the Loans to Participants;
- 5) the withdrawal, suspension or reduction of the credit rating below certain thresholds of a Swap Counterparty or DelVal;
- 6) the failure of a Swap Counterparty or DelVal to post collateral when required; and
- 7) failure of DelVal to originate Loans.

As of December 30, 2022, the fair value of the Swap Transactions, marked to market, was approximately \$132 million.

THE FOREGOING DESCRIPTION OF EARLY TERMINATION IS NOT EXHAUSTIVE. THE SWAP AGREEMENTS ARE ON FILE AT THE OFFICES OF DELVAL AND POSTED AT [WWW.DELVAL.US](http://WWW.DELVAL.US), BUT NOT INCORPORATED HEREIN. THE ABOVE ORDER OF EVENTS WHICH COULD CAUSE EARLY TERMINATION IS NOT INTENDED TO SUGGEST ANY LEVEL OF IMPORTANCE OF ONE EVENT OVER ANOTHER, AND NO INFERENCE SHOULD BE DRAWN TO THAT EFFECT.

### Payments Under Interest Rate Swap Agreements

Under the Indenture, Swap Receipts are pledged to the payment of the Bonds and any Swap Payments (as well as the payment of any other Master Series) and shall be deposited in the Revenue Fund. Any Termination Payment that is paid by a Swap Counterparty related to an Early Termination shall be deposited in the Revenue Fund. Notwithstanding the foregoing, the agreement by a Swap Counterparty under a Swap Agreement to pay certain amounts to DelVal will not affect the obligation of DelVal under the Indenture to pay the principal or purchase price of, interest on, and premium, if any, on the Bonds. Neither the holders of the Bonds nor any other person other than DelVal will have any rights under any Swap Agreement or against any Swap Counterparty.

The obligation of DelVal to make Swap Payments to a Swap Counterparty is secured by the Trust Estate on a parity basis with the Bonds and is payable from the Revenue Fund. All other payment obligations of DelVal to a Swap Counterparty, including any Termination Payment related to an Early Termination, are payable solely from

moneys available in the Discretionary Fund or from Excess Funds available under the Covenant Agreement and are subject and subordinate to the payment of principal, purchase price, and redemption price of and interest on the Bonds then due and payable and Swap Payments. The obligation of DelVal to make Swap Payments will not be secured by credit enhancement.

The (i) principal, purchase price, and redemption price of and interest on the Bonds and all other Master Series, (ii) all amounts owing to a Credit Facility Provider on the Bonds and all other Master Series, and (iii) periodic interest rate swap payments under Swap Agreements related to the Bonds and all other Master Series, will be equally and ratably secured under the Master Indenture by all right, title, and interest of DelVal in and under (i) the Revenues, the Participant Notes, and Loan Agreements; (ii) the Swap Agreements and the Swap Receipts; (iii) the Investment Agreements; (iv) all Participant Credit Enhancements; (v) all moneys and securities (including the investment income therefrom) and all other property of every kind and of every name and nature pledged to the Trustee as security under the Indenture (excluding the Rebate Fund and the Discretionary Fund to the extent provided in the Covenant Agreement; and (vi) all right, title, and interest of DelVal in all Credit Facilities. Termination Payments under Swap Agreements are secured by moneys in the Discretionary Fund, subject and subordinate to the payment of principal, purchase price, and redemption price of and interest on the Bonds and all other Master Series then due and payable and Swap Payments, except as otherwise provided in connection with the issuance of any additional Master Series issued under the Master Indenture.

IN THE EVENT OF AN EARLY TERMINATION, NO ASSURANCE CAN BE GIVEN THAT (I) DELVAL WILL RECEIVE A TERMINATION PAYMENT PAYABLE TO IT BY A SWAP COUNTERPARTY, (II) DELVAL WILL HAVE SUFFICIENT AMOUNTS IN THE DISCRETIONARY FUND OR AVAILABLE UNDER THE COVENANT AGREEMENT TO MAKE A TERMINATION PAYMENT PAYABLE TO A SWAP COUNTERPARTY, OR (III) DELVAL WILL BE ABLE TO NOVATE SWAP TRANSACTIONS TO A DIFFERENT SWAP COUNTERPARTY OR TO OBTAIN A REPLACEMENT SWAP AGREEMENT ON COMPARABLE TERMS.

See “APPENDIX I: DELAWARE VALLEY REGIONAL FINANCE AUTHORITY – INTEREST RATE SWAP AGREEMENTS” and “APPENDIX II: FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 – NOTE 6. DERIVATIVE TRANSACTIONS” for more information.

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## INVESTMENT CONSIDERATIONS

The purchase of the Bonds involves certain investment considerations that are described in this Official Statement. Each prospective purchaser of any Bonds should read this Official Statement in its entirety and consult such prospective purchaser's own investment and/or legal advisor for a more complete explanation of the risks associated with the purchase of investments such as the Bonds. Certain of these investment considerations are set forth in this section for convenience and are not intended to substitute for an independent evaluation of the information presented in this Official Statement.

Limited Obligations. The Bonds are solely and exclusively limited, special obligations of DelVal, payable from and secured solely by the Trust Estate. See "SECURITY FOR THE BONDS." DELVAL HAS NO TAXING POWER.

Loan Origination. DelVal and the Administrator reasonably expect that Loans will be continue to be originated; however, neither DelVal nor the Administrator can give any assurance that such Loans will be originated. See "THE BONDS – REDEMPTION – Extraordinary Mandatory Redemption" and "APPENDIX I: DELAWARE VALLEY REGIONAL FINANCE AUTHORITY."

Swap Agreements. DelVal reasonably expects to make Swap Payments and to receive Swap Receipts as provided in the Swap Transactions and Swap Agreements, and DelVal reasonably expects to execute other Swap Transactions in the future with respect to the Bonds and the Loans. DelVal can give no assurance that any Swap Counterparty will not default on its obligations thereunder or that any Swap Transaction or any Swap Agreement will not be subject to Early Termination and the payment by DelVal of a Termination Payment in connection therewith. See "INTEREST RATE SWAP AGREEMENTS."

COVID-19. The COVID-19 Pandemic has had and could continue to have a material adverse impact on many businesses and Political Subdivisions in Pennsylvania, including Participants. The ultimate impact on Participants and the Loan Program, and whether Participants will make timely payments to DelVal under the Loan Agreements, is uncertain at this time. See "APPENDIX I: DELAWARE VALLEY REGIONAL FINANCE AUTHORITY – IMPACT OF COVID-19 IN THE MARKET AREA."

Cyber Security. DelVal, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations and finances. As a recipient and provider of private or other electronically sensitive information, DelVal is potentially subject to cyber threats and attacks including, but not limited to, hacking, viruses, malware, ransomware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to DelVal's systems with the objectives and for the purposes of misappropriating assets or information or causing operational disruption or damage.

No assurances can be given that the security and operational control measures of DelVal will be successful in guarding against any and each cyber threat or breach or that a cyber threat or breach will not adversely affect DelVal's operations or the timely payment of principal and interest on the Bonds and its other obligations. The cost of remedying damage or disruption caused by cyber-attacks could be substantial and in excess of any applicable insurance coverage.

LIBOR Rates. The Financial Conduct Authority (the "FCA") of the United Kingdom has authorized the publication of 1-Month, 3-Month, 6-Month, and 12-Month US Dollar LIBOR indices until June 30, 2023. The FCA may extend that deadline, authorize the publication of legacy rates that are not representative of the market, or terminate the publication of rates as scheduled. The 1-Month and 3-Month LIBOR Rates that are the basis of interest rates for the 2007 C Bonds, 2018 D Bonds, and the 2018 E Bonds and certain related hedging Bond Swap transactions may not be posted after June 30, 2023. The Supplemental Indentures of the 2007 C Bonds and 2018 D Bonds and 2018 E Bonds provide that, in the event that the representative LIBOR Rates are no longer published, the LIBOR Rates will be replaced with the rates prescribed by the ISDA IBOR Fallback Protocol (currently based on SOFR). DelVal and the Swap Counterparties to the LIBOR based Bond Swap transactions have all determined to adhere to the ISDA IBOR Fallback Protocol. See "APPENDIX I: DELAWARE VALLEY REGIONAL FINANCE AUTHORITY – INTEREST RATE SWAP AGREEMENTS."

Participant Credit Enhancement and Ratings of Participants. Under the Swap Agreements, the failure to comply with certain thresholds based upon the ratings of the Participants and Participant Credit Enhancers may be an Early Termination event. The Indenture and the Covenant Agreement require DelVal to secure Participant Credit Enhancements or published ratings for Participants or Guarantors to satisfy the Ratings Test. No assurance can be given that DelVal will be able to secure the requisite Participant Credit Enhancements or published ratings of Participants or Guarantors necessary to satisfy the Ratings Test. See “SECURITY FOR THE BONDS – COVENANT AGREEMENT”, “APPENDIX I: DELAWARE VALLEY REGIONAL FINANCE AUTHORITY – LOAN PORTFOLIO”, and “APPENDIX I: DELAWARE VALLEY REGIONAL FINANCE AUTHORITY – COVENANT AGREEMENT.”

Participants and Guarantors. This Official Statement is not intended to, and does not, contain sufficient information with respect to any Participant or Guarantor that would enable a purchaser of the Bonds to make a judgment about the creditworthiness of any such Participant or Guarantor. DelVal reasonably expects a Participant (or Guarantor, if applicable) to make all Repayments due under its Loan Agreement and to comply with all covenants in the Loan Agreement; however, DelVal can give no assurance that a Participant (or Guarantor, if applicable) will not default or breach the covenants under the Loan Agreement or pay timely the principal and interest on a Participant Loan. See “SECURITY FOR THE BONDS” and “APPENDIX I: DELAWARE VALLEY REGIONAL FINANCE AUTHORITY – LOAN PORTFOLIO.”

GIC’s and Investments. DelVal reasonably expects to receive all payments of principal of and interest on its investments and GIC’s; however, DelVal can give no assurance that an obligor or guarantor of an investment or GIC will not default on its obligations thereunder. See “INVESTMENTS” and “APPENDIX I: DELAWARE VALLEY REGIONAL FINANCE AUTHORITY – INVESTMENTS.”

Tax Compliance. In order for the interest on the Bonds to remain excludible from the gross income of the holders thereof under the *Code*, DelVal must comply with the relevant tax covenants in the Indenture and the Participants (and Guarantors, if applicable) must comply with the relevant tax covenants in their respective Participant Tax Compliance Agreements. Failure of DelVal or any Participants (or Guarantors, if applicable) to comply with the tax covenants could jeopardize the tax-exempt status on the Bonds, possibly on a retroactive basis. See “SECURITY FOR THE BONDS – LOAN AGREEMENT AND PARTICIPANT NOTE” and “CERTAIN TAX MATTERS.”

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING APPENDICES, TO OBTAIN INFORMATION ESSENTIAL TO THEIR MAKING OF AN INFORMED INVESTMENT DECISION. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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## CERTAIN TAX MATTERS

### Federal

#### Exclusion of Interest from Gross Income

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by DeIVal and the Participants with the requirements of the *Code*. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering its opinion, Bond Counsel has assumed compliance by DeIVal with its covenants contained in the Indenture, the covenants of Participants in the Loan Agreements, and the representations and covenants in the Tax Compliance Agreement executed by DeIVal on the date of issuance of the Bonds relating to actions to be taken or caused to be taken, by DeIVal or by the Participants after the issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to, *inter alia*, the use and investment of proceeds of the Bonds and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in the interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

#### Other Federal Tax Matters

Ownership or disposition of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, individuals who otherwise qualify for the earned income credit and taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions subject to § 265 of the *Code*, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. In addition, ownership or disposition of the Bonds may result in other federal tax consequences to “applicable corporations” (within the meaning of Section 59(k) of the Code enacted as part of the Inflation Reduction Act of 2022) for tax years beginning after December 31, 2022, in that interest on the Bonds may be included in the calculation of the alternative minimum tax imposed on applicable corporations under Section 55(b) of the Code.

**Bond Counsel is not rendering any opinion as to any federal tax matters other than those described under the caption “Exclusion of Interest from Gross Income” above and expressly stated in the Proposed Form of Opinion of Bond Counsel included as APPENDIX III to this Official Statement. Purchasers of the Bonds should consult their independent tax advisors with regard to all federal tax matters.**

### Pennsylvania

In the opinion of Bond Counsel, under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth, as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth.

#### Other

The Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth of Pennsylvania under applicable state or local tax laws.

**Purchasers of the Bonds should consult their independent tax advisors with regard to all state and local tax matters that may affect them.**

## LEGAL MATTERS

The issuance of the Bonds will be subject to approval of legality by Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for DelVal by Carmen P. Belefonte, Esq., Media, Pennsylvania, Solicitor to DelVal; and for the Underwriter by Dilworth Paxson LLP, Philadelphia, Pennsylvania.

### Legality for Investment

Applicable laws of the Commonwealth of Pennsylvania provide that the Bonds are legal investments for funds held by, among others, banks, savings banks, trust companies, insurance companies or associations and fiduciaries. The Bonds are authorized security for deposits of funds of the Commonwealth of Pennsylvania and any political subdivision thereof.

### Limitation of Remedies under the Federal Bankruptcy Laws

Enforcement of the rights of the holders of the Bonds may be limited by and subject to the provisions of Federal bankruptcy laws, as now or hereafter enacted, or to other laws or equitable principles which may affect enforcement of creditors' rights.

### No Litigation Affecting the Bonds

No litigation or legal proceeding of any nature is now pending or, to the knowledge of DelVal, threatened that (i) seeks to restrain or enjoin the issuance of the Bonds, (ii) contests the validity of the Bonds or any actions of DelVal with respect to the remarketing of the Bonds, (iii) contests the pledge or application of any moneys or security provided for the payment of the Bonds, or (iv) contests the existence of DelVal or the powers of DelVal to accomplish the purposes for which the Bonds are being issued.

## FINANCIAL STATEMENTS OF DELVAL

Appendix II hereto contains the audited financial statements of DelVal for the year ended December 31, 2021, together with a report thereon by Baker Tilly US, LLP, independent accountants. Such financial statements and report are included herein with the consent of Baker Tilly US, LLP.

## ADDITIONAL INFORMATION

Additional information concerning DelVal may be found by accessing DelVal's website at [www.delval.us](http://www.delval.us) or by contacting DelVal's Program Administrator:

Calhoun Baker Inc.  
Program Administrator  
Delaware Valley Regional Finance Authority  
1811 Bethlehem Pike  
Flourtown Commons, Suite C350  
Flourtown, PA 19031  
Telephone: (215) 402-0270  
[LCalhoun@DelVal.US](mailto:LCalhoun@DelVal.US)

None of such information is incorporated herein by reference.

## **PROGRAM ADMINISTRATOR**

DelVal has retained Calhoun Baker Inc. (“CalBak”) to serve as its Program Administrator. CalBak is an independent financial consulting firm, and it is not owned by or affiliated with any broker-dealer, investment bank, commercial bank, or other consulting firm. CalBak does not trade or distribute securities. CalBak is registered as a “Municipal Advisor” by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. CalBak serves as the “qualified independent representative” (as such term is defined in the Business Conduct Standards for Swap Dealers with Swap Counterparties promulgated by the Commodity Futures Trading Commission) to advise DelVal on its Swap Agreements and Swap Transactions.

## **RATINGS AND OUTLOOKS**

Moody’s has assigned a rating of “A1” with a stable outlook to the Bonds as of February 7, 2023. S&P has assigned a rating of “A+” with a stable outlook to the Bonds as of February 6, 2023.

Any explanation of these ratings may only be obtained from the rating agencies. Generally, rating agencies base their ratings on such information and on their own investigations, studies and assumptions. No assurance can be given that such ratings will be maintained for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the Bonds.

## **UNDERWRITING**

BofA Securities, Inc., acting on its own behalf, has agreed to purchase from DelVal the Bonds at a purchase price of \$150,195,004.79 (representing the aggregate par amount of \$141,030,000, plus original issue premium of \$9,798,224.50, less an underwriter’s discount of \$633,219.71). BofA Securities, Inc. will be obligated to purchase all Bonds if any are purchased.

BofA Securities, Inc., as underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

The initial public offering prices of the Bonds set forth on the inside front cover page of this Official Statement may be changed from time to time by BofA Securities, Inc. without any requirement of prior notice. The Underwriter reserve the right to join with other dealers in offering the Bonds to the public. The Bonds may be offered and sold to other dealers at prices other than the public offering prices stated on the inside front cover page of this Official Statement.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and/or brokerage services. The Underwriter and its affiliates, from time to time, have performed and may perform various commercial banking and investment banking services for DelVal, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of DelVal.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

DelVal has recommended and the Underwriter has engaged Dilworth Paxson, LLP as counsel to the Underwriter in connection with the purchase of the Bonds.

## **CERTAIN RELATIONSHIPS**

Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania, is serving as Bond Counsel to DelVal in connection with the issuance of the Bonds. Dilworth Paxson LLP, Philadelphia, Pennsylvania, is serving as counsel to the Underwriter in connection with the issuance of the Bonds. Each firm represents the Underwriter in matters unrelated to the issuance of the Bonds and may represent DelVal, Participants, the Underwriter, and/or their respective affiliates in the future on various matters unrelated to the Bonds.

Calhoun Baker Inc., which serves as Administrator and Municipal Advisor to DelVal, also provides municipal advisory services, from time to time, to other governmental clients, including some Participants in the Loan Program: Delaware County, the Lower Perkiomen Valley Regional Sewer Authority, Aston Township, Nether Providence Township, Bridgeport Borough, Bristol Borough, Towamencin Township, and the Lower Providence Township Sewer Authority.

## **CONTINUING DISCLOSURE**

DelVal will execute a Continuing Disclosure Agreement (the “CDA”) dated as of February 22, 2023, to provide annual financial information to the municipal markets in accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated under the *Securities and Exchange Commission Act of 1934*, as amended and supplemented from time to time. DelVal has covenanted, for the benefit of the beneficial owners of the Bonds, to provide to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”) (i) annual audited financial statements presented in conformity with generally accepted accounting principles, together with updates of certain information contained in this Official Statement which financial statements and tabular information are to be provided by June 30 following the end of each fiscal year and (ii) annual audited financial statements for any fiscal year of any Participant or Guarantor with aggregate Loans or Guaranties equal to twenty percent (20%) or more of the total Loan principal outstanding as of December 31 of such fiscal year (each, a “Material Participant”). Currently, Delaware County is the only Material Participant. See “APPENDIX IV: FORM OF THE CONTINUING DISCLOSURE AGREEMENT” for additional information.

During the five years ending February 6, 2023, DelVal has complied with the provisions of its outstanding Continuing Disclosure Agreements.

## **PARTICIPANT CONTINUING DISCLOSURE**

Each Loan Agreement entered into with a Participant requires the Participant, at the time of the delivery of the Loan Agreement and the Participant Note, to execute and deliver to DelVal a Participant Continuing Disclosure Agreement (each, a “Participant CDA”). The Participant CDA requires such Participant to provide to DelVal annual financial statements and notice of the following events:

- 1) principal and interest payment delinquencies;
- 2) non-payment related defaults, if material;
- 3) unscheduled draws on debt service reserves reflecting financial difficulties;
- 4) unscheduled draws on credit enhancements reflecting financial difficulties;
- 5) substitution of credit or liquidity providers, or their failure to perform;
- 6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Loan or Guaranty, or other material events affecting the tax status of the Loan or Guaranty;
- 7) modifications to the rights of DelVal, if material;
- 8) Loan calls, if material, and tender offers;
- 9) defeasances;
- 10) release, substitution or sale of property securing repayment of the Loan or Guaranty, if material;

- 11) rating changes;
- 12) bankruptcy, insolvency, receivership or similar proceeding of the Participant;\*
- 13) the consummation of a merger, consolidation, or acquisition involving the Participant, the sale of all or substantially all of the assets of the Participant, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- 14) appointment of a successor or additional Paying Agent, or the change of name of a Paying Agent, if material;
- 15) incurrence of a Financial Obligation<sup>†</sup>, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, if material; and
- 16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

Participants have failed from time to time to provide annual financial statements and notices of rating changes as required by the Participant CDAs. DelVal has posted event notices on EMMA of the failure of the Participants to provide the information, and DelVal has or will contact Participants regarding any failures, of which it is aware, to provide such information.

## **UNDERLYING DOCUMENTS**

The descriptions and summaries of various documents set forth in this Official Statement do not purport to be comprehensive or definitive and reference should be made to each document for complete details of all terms and conditions. Copies of such documents not otherwise appended hereto are available for inspection during normal business hours at the principal corporate trust office or the Trustee in Mt. Laurel, New Jersey. All statements herein are qualified in their entirety by the terms of each such document.

## **MISCELLANEOUS**

All estimates and assumptions in this Official Statement have been made on the best information available and are believed to be reasonable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not representations of fact.

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\* This event is considered to occur when any of the following occur: the appointment of a receiver, trustee or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

<sup>†</sup> “Financial obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of subsections (i) or (ii) of this definition. The term “financial obligation” shall not include municipal securities (as defined in the *Exchange Act*) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The Board of Directors of DelVal has duly authorized the execution, delivery, and distribution of this Official Statement.

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY

By: /s/ Joseph E. Brion, Esq.  
Chairman, Board of Directors

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**APPENDIX I: DELAWARE VALLEY REGIONAL FINANCE AUTHORITY**

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**DELAWARE VALLEY REGIONAL  
FINANCE AUTHORITY**

(Unaudited)

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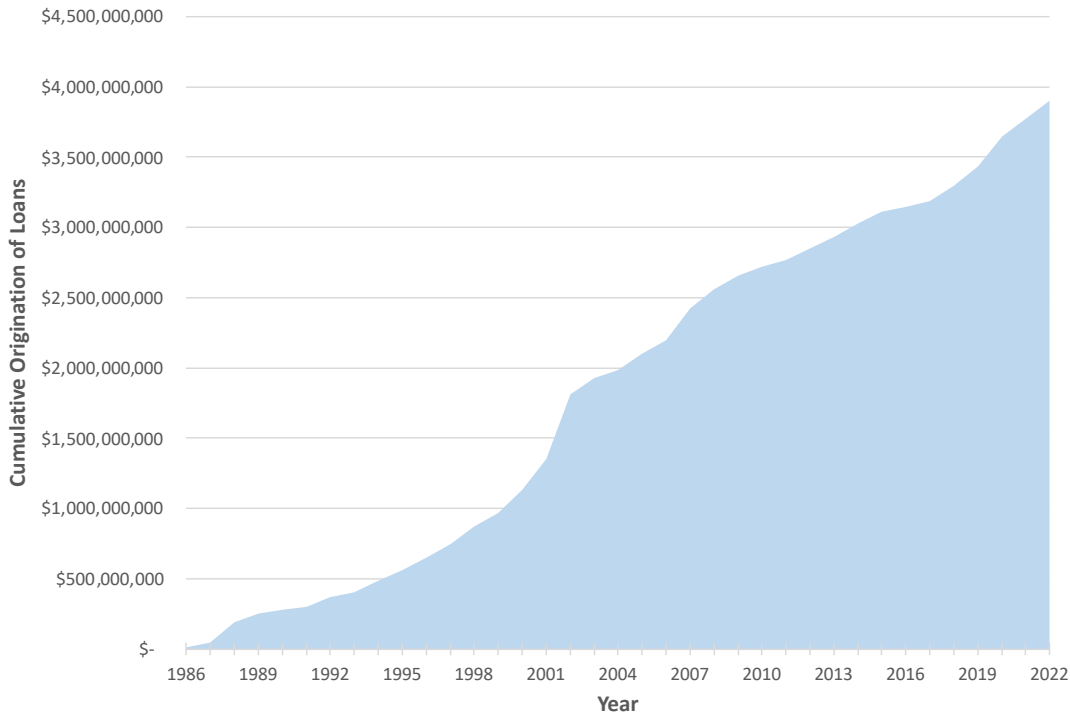


**DELAWARE VALLEY REGIONAL FINANCE AUTHORITY**  
(Unaudited)

**INTRODUCTION**

Bucks, Chester, Delaware, and Montgomery Counties, Pennsylvania (the “Counties”) formed the Delaware Valley Regional Finance Authority (“DelVal”) under the provisions of the Pennsylvania *Municipality Authorities Act* (the “*Authorities Act*”) on December 23, 1985. The Counties created DelVal to provide loans for capital projects (the “Loan Program”) to Pennsylvania townships, boroughs, cities, school districts, and counties (each a “Local Government Unit”) and authorities (each an “Authority”) created under Pennsylvania statute by or on behalf of any one or more Local Government Units. DelVal has originated 614 loans (each a “Loan”) with an aggregate principal amount of \$3.91 billion to 212 different Local Government Units and Authorities (each a “Participant”) in 16 counties in Pennsylvania since its creation in 1985.

**Cumulative Loans Originated since 1985**



Source: Calhoun Baker Inc.

Each Loan to a Local Government Unit is secured by the pledge of its full faith, credit, and taxing power. DelVal may also require a Loan to a Local Government Unit to be additionally secured by a financial guaranty policy (each a “Participant Credit Enhancement”) issued by an insurer (each a “Participant Credit Enhancer”) with a rating of “Aa3” or higher from Moody’s Investors Service (“Moody’s”) or “AA-” or higher from S&P Global Ratings (“S&P”). DelVal is the beneficiary of the Participant Credit

Enhancements; the Participant Credit Enhancements do not secure the repayment of debt service on any bonds issued by DelVal.

Each Loan to an Authority must meet at least one of the following conditions: (i) rated “Aa3” or higher by Moody’s or “AA-” or higher by S&P, (ii) secured by a guaranty (each a “Guaranty”) with the pledge of the full faith, credit, and taxing power of a Local Government Unit (each a “Guarantor”), or (iii) secured by a Participant Credit Enhancement. The Master Indenture requires the Loan Agreement for any Loan to an Authority not secured by a Guaranty or Participant Credit Enhancement to include a covenant by the Authority to secure a Guaranty or Participant Credit Enhancement if its rating is reduced below “Aa3” by Moody’s or “AA-” by S&P. In the Master Indenture, DelVal has covenanted to restrict Loans to Authorities that are not secured by a Guaranty, to an aggregate principal amount not in excess of 20% of the total funding for Loan origination under the Master Indenture at the time the Loan is originated.

The governing body of DelVal consists of a Board of Directors (the “Board”) of five members appointed by the Counties. Each year, one of the Counties appoints a member to a five-year term. The Board meets monthly.

**Members of the Board of Directors in 2023**

<u>Member</u>	<u>Office</u>	<u>Appointed by:</u>	<u>Term Expires</u>
Joseph E. Brion, Esq.	Chairman	Montgomery County	2024
James H. Shacklett, III	Vice Chairman	Bucks County	2025
Robert J. Harvey	Secretary	Delaware County	2026
David E. Landau, Esq.	Treasurer	Chester County	2027
John P. McBlain, Esq.	Secretary/Treasurer	Chester County	2023

Source: Calhoun Baker Inc.

The Board oversees the operations of DelVal and appoints the Administrator, the Solicitor, the Bond Counsel, and the trustees (collectively, the “Trustees”) of the DelVal bond issues to conduct the Loan Program. The Administrator, Calhoun Baker Inc., is responsible for the credit review and approval of Loan applications, the investment of DelVal’s funds, the calculation of the Loan rates, the management of debt issuance, and the execution of interest rate swap transactions. The Solicitor, Carmen P. Belefonte, Esq., directs DelVal’s legal affairs. Bond Counsel (principally, Eckert Seamans Cherin & Mellott, LLC) renders opinions related to the issuance of bonds, the execution of interest rate swap agreements, and the closings of Loans. Computershare Corporate Trust, a Trustee, invoices and collect the Loan repayments, principally through Automated Clearing House (“ACH”) debits of the Participants’ demand deposit accounts. TD Bank, N.A., as Trustee, holds all DelVal funds and makes all disbursements. Each disbursement must be authorized by the Board and directed by the Administrator.

Loans from DelVal are limited to funding capital projects permitted under the Pennsylvania *Local Government Unit Debt Act* (the “*Debt Act*”). DelVal’s charter prohibits any Loan that would constitute a “Tax and Revenue Anticipation Note” under the *Debt Act* and any Loan to health or higher education institutions. The Board of DelVal and the Administrator must approve any new Loan. Generally, DelVal requires any Local Government Unit, Authority, or Guarantor that does not have a published rating, applying for a Loan of \$1,000,000 or more, to secure a published rating of the Loan of “A-”, “A3”, or higher or a commitment of a Participant Credit Enhancement.

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The primary objectives of the Loan Program are to:

- 1) Provide funding with a lower all-in true interest cost (taking into consideration costs of issuance, interest costs, and annual administrative costs) than the Participants could achieve on their own,
- 2) Offer variable rate and fixed rate funding options, and
- 3) Improve the ability and flexibility of Participants to manage their debt.

DeIVal accomplishes these objectives by realizing economies of scale, utilizing a revolving loan pool structure, and entering into interest rate swap transactions.

DeIVal issues bonds or notes (collectively, the “DeIVal Series”), from time to time, generally in aggregate principal amounts greater than \$100 million in order to fund multiple Loans. By issuing in large principal amounts, DeIVal realizes lower costs of issuance than would have been realized if each of the Participants issued a separate bond issue. When Loans are repaid, the repayments are used to originate new Loans. This revolving loan structure reduces the incurrence of costs of issuance to fund the new Loans. Ten series issued by DeIVal were outstanding as of December 31, 2022:

- 1) \$28,000,000 Local Government Revenue Bonds, 1997 Series B and C (the “1997 Series”),
- 2) \$250,000,000 Local Government Revenue Bonds, 1998 Series A (the “1998 Series”),
- 3) \$125,000,000 Local Government Revenue Bonds, 2002 Series C (the “2002 Series”),
- 4) \$110,000,000 Local Government Revenue Bonds, 2007 Series A, B and C (the “2007 Series”),
- 5) \$165,000,000 Local Government Revenue Bonds, 2018 Series A, C\*, D, and E (the “2018 Series”),
- 6) \$100,000,000 Local Government Revenue Bonds, 2020 Series A (the “2020 A Series”),
- 7) \$125,000,000 Local Government Revenue Bonds, 2020 Series B and D (the “2020 BD Series”),
- 8) \$45,000,000 Local Government Revenue Bonds, 2021 Series A (the “2021 A Series”), and
- 9) \$155,000,000 Local Government Revenue Bonds, 2022 Series A, B and C (the “2022 ABC Series”), and
- 10) \$97,000,000 Local Government Revenue Bonds, 2022 Series D and E (the “2022 DE Series”).

The 1997 Series, 1998 Series, and 2002 Series (collectively, the “Indenture Series”) were issued under separate indentures with separate trust estates. DeIVal executed the Covenant Agreement in 2001 to enhance the security of the bondholders by pledging to transfer any excess funds held under any DeIVal Series to cure any deficiency under any other DeIVal Series. The indentures of all DeIVal Series incorporate the Covenant Agreement.

All DeIVal Series issued since 2007 and that will be issued in the future (collectively, the “Master Series”) were or will be issued under the Master Trust Indenture and supplemental indentures. The Master Series are and will be secured with all other Master Series equally and ratably by all of the assets under the trust estate of the Master Indenture to the extent provided therein.

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\* The \$50,000,000 2018 Series C Bonds will be redeemed upon the issuance of the 2023 A Bonds.

DelVal has entered into interest rate swap agreements (collectively, the “Swap Agreement”) with six different counterparties (each a “Counterparty”):

- 1) Bank of America, N.A.,
- 2) Barclays Bank PLC,
- 3) Citibank, N.A.,
- 4) PNC Bank, National Association,
- 5) Toronto-Dominion Bank, and
- 6) Royal Bank of Canada.

DelVal has executed interest rate swap transactions related to the DelVal Series (each a “Bond Swap”) to hedge its exposure to changes of fixed interest rates and to basis risk of floating interest rates. Under the Bond Swaps, DelVal pays the Securities Industry and Financial Markets Association (“SIFMA”) Municipal Swap Index (the “SIFMA Index”), and DelVal receives a fixed rate or floating rate with same basis as the related DelVal Series. DelVal’s net cost of funds is equal to the SIFMA Index plus a spread. DelVal also executes interest rate swap transactions that offset the Bond Swaps to provide fixed rate Loans (each a “Loan Swap”) when requested by Participants. Under these transactions, DelVal receives the SIFMA Index and pays a fixed interest rate. DelVal has also executed swaps to eliminate basis risk of investments (each an “Investment Swap”). Under these transactions, DelVal pays a floating rate with the same basis as the related investment and receives the SIFMA Index.

The DelVal Loan rates are set by the Administrator each month at levels sufficient to fund:

- 1) Debt service payments on the DelVal Series,
- 2) Net payments due under the Swap Agreement, and
- 3) Administrative costs and liquidity requirements necessary for the operation of the Loan Program.

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**LOAN PORTFOLIO**

During the period beginning January 1, 2022, and ending December 31, 2022, DelVal originated 15 Loans with an aggregate principal amount of approximately \$143 million. Demand was high at the beginning of the year due to the precipitous decline of interest rates after the COVID-19 outbreak and the relative advantages of DelVal Loans compared to bank loans and bond issues. Demand decreased significantly during the year due to rising interest rates, higher construction costs, greater availability of federal grants, looming recession concerns. The relative advantages of DelVal Loans compared to bank loans and bond issues continued throughout the year.

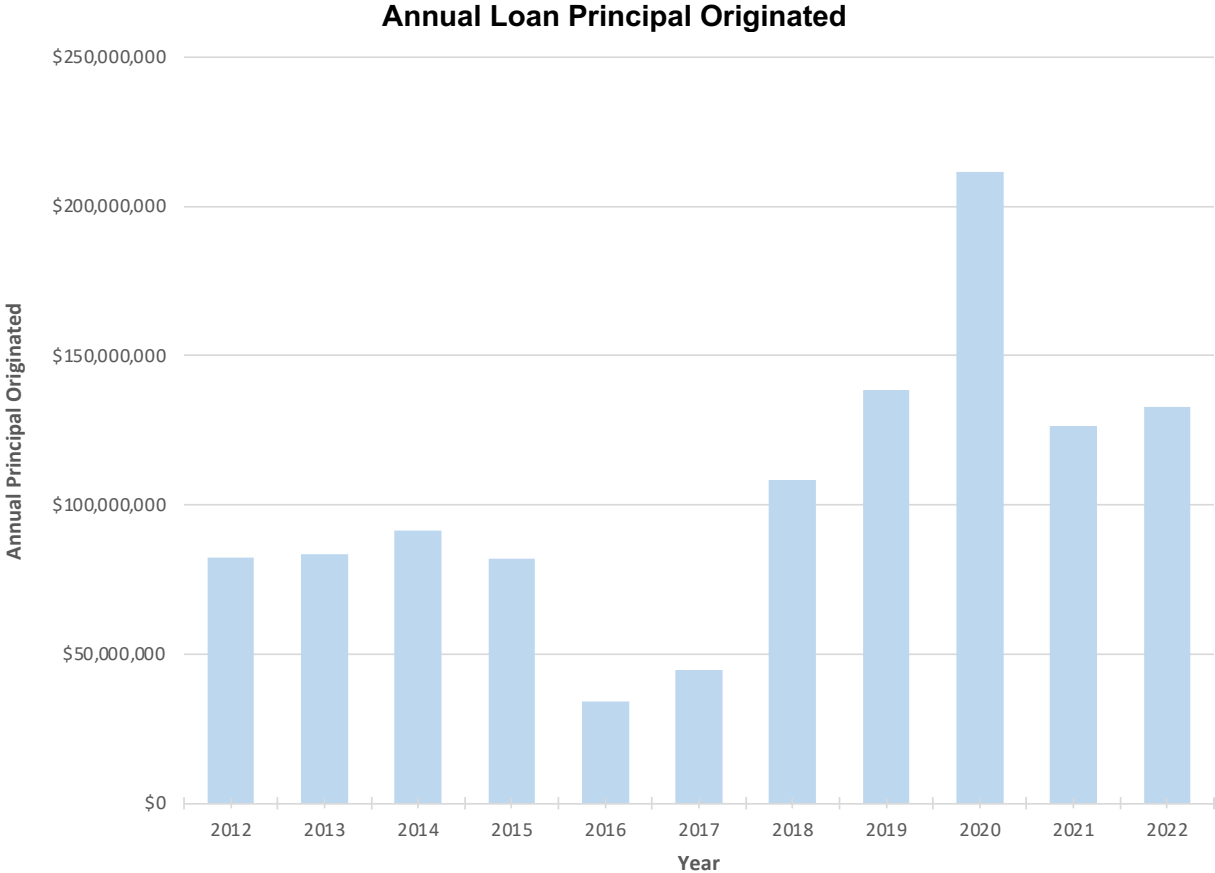
**Loans Originated from January 1, 2022, to December 31, 2022**

<u>No.</u>	<u>Loans Closed</u>	<u>County</u>	<u>Insurer</u>	<u>Underlying Rating</u>			<u>Amount</u>	<u>Closing</u>
				<u>Kroll</u>	<u>Moody's</u>	<u>S&amp;P</u>		
1	Concord Township	Delaware	---	---	Aa1	---	\$ 7,302,000	7-Jan-22
2	Upper Dublin Township	Montgomery	---	---	Aa1	---	5,416,000	1-Mar-22
3	Delaware County	Delaware	---	---	Aa1	AA+	40,000,000	7-Mar-22
4	Upper Providence Township Sewer Authority	Delaware	---	---	---	AA-	1,200,000	15-Mar-22
5	Caln Township	Chester	---	---	---	AA	8,100,000	2-May-22
6	Upper Dublin Township	Montgomery	---	---	Aa1	---	1,250,000	2-May-22
7	Marcus Hook Borough	Delaware	---	---	---	---	1,032,000	1-Jun-22
8	Nether Providence Township	Delaware	---	---	---	---	500,000	1-Jun-22
9	Parkesburg Borough	Chester	BAM	---	---	---	2,812,000	1-Jun-22
10	Clifton Heights Borough	Delaware	BAM	---	---	---	3,000,000	3-Jun-22
11	Folcroft Borough	Delaware	BAM	---	---	---	10,300,000	3-Jun-22
12	Rutledge Borough	Delaware	---	---	---	---	100,000	8-Jul-22
13	Bucks County Water and Sewer Authority	Bucks	AGM	---	---	A+	51,660,000	9-Aug-22
14	Montgomery County	Montgomery	---	---	Aaa	AAA	161,000	25-Aug-22
15	Aston Township	Delaware	---	---	---	AA-	10,000,000	25-Oct-22
	<b>Total</b>						<b><u>\$ 142,833,000</u></b>	

Source: Calhoun Baker Inc

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Loan origination was restricted in 2016 and 2017 due to payment of large maturities of the DeVal Series in 2017 and 2018. Origination increased after the issuance of new DeVal Series beginning in 2018. Fiscal year 2020 was the most active period for origination in the past decade. Below is a chart of the principal amounts of Loans originated each year from 2012 to 2022.

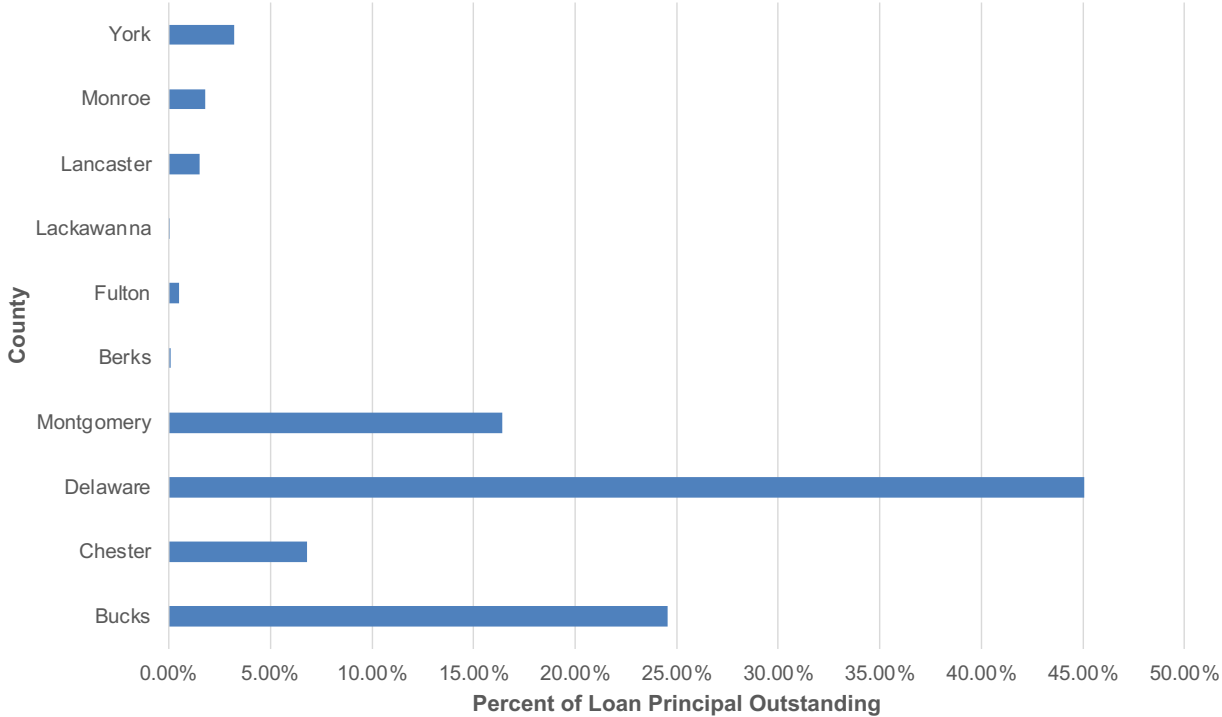


Source: Calhoun Baker Inc.

DeVal has been most active lending within the Counties. The Counties encompass an area of approximately 2,060 square miles and a population of approximately 2.5 million people. More than 420 Local Government Units and Authorities are located within the Counties. DeVal, as a matter of policy of the Board, limited its lending activities to Participants located within the Counties until 2002. Then, in order to provide geographic diversification to its portfolio, DeVal began lending outside the Counties, principally in the eastern half of the Commonwealth. Currently, 251 Loans, in the aggregate principal amount of approximately \$1.05 billion, are outstanding to 118 Participants located in eleven different counties. Approximately, 92.9% of the outstanding Loan principal has been originated to Participants located within the Counties.

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**Percentage of Loan Principal Outstanding by County as of December 31, 2022**



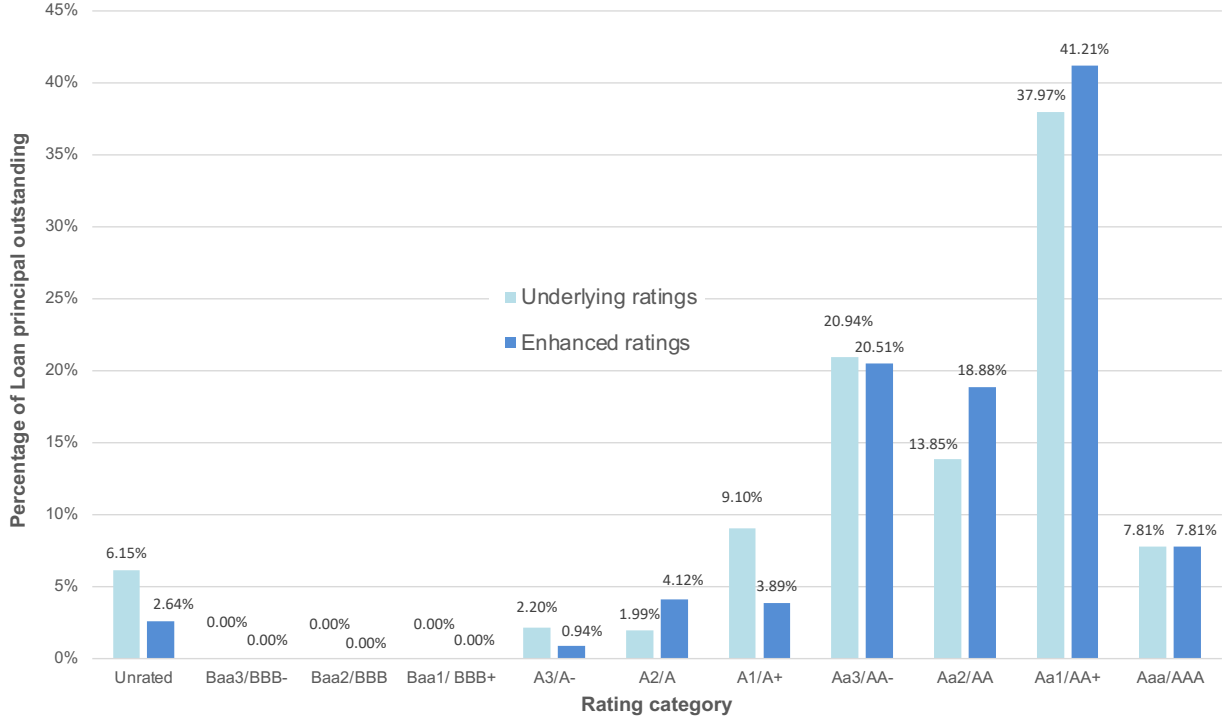
Source: Calhoun Baker Inc.

Currently, approximately 6.15% of the principal of the Loans outstanding has been originated to Participants that have no published, underlying ratings; no Loans have been originated to Participants that have a published, underlying rating below “A3” or “A-”; and 80.57% of the principal of the Loans has been originated to Participants with published underlying ratings of “Aa3”, “AA-”, or higher. The weighted average underlying rating of outstanding Loans is “Aa2/AA”.

DeIVal is the beneficiary of Participant Credit Enhancements issued by Assured Guaranty Municipal Corp. (“AGM”) and Build America Mutual Company (“BAM”) that secure loans equal to 14.28% of the Loan principal currently outstanding. AGM is rated “A2” with a stable outlook by Moody’s, “AA” with a stable outlook by S&P, and “AA+” with a stable outlook by Kroll Bond Rating Agency (“Kroll”). BAM is rated “AA” by S&P. Taking into consideration the financial guaranty policies, 2.64% of the Loan principal outstanding was uninsured and unrated or rated below “A3/A-”, and 88.42% of the Loan principal was rated “Aa3/AA-” or higher.

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## Underlying and Enhanced Ratings of Loan Principal Outstanding as of December 31, 2022



Source: Calhoun Baker Inc.

Below is a schedule of the ten Participants with the highest concentration levels of Loans. Delaware County accounts for 27.681% of the Loan principal outstanding, and the ten highest account for 59.253% of the Loan principal outstanding. A complete listing of the Loans outstanding is attached as “EXHIBIT I: LOANS OUTSTANDING AS OF DECEMBER 31, 2022”.

### Ten Participants with the Highest Concentration of Loans as of December 31, 2022

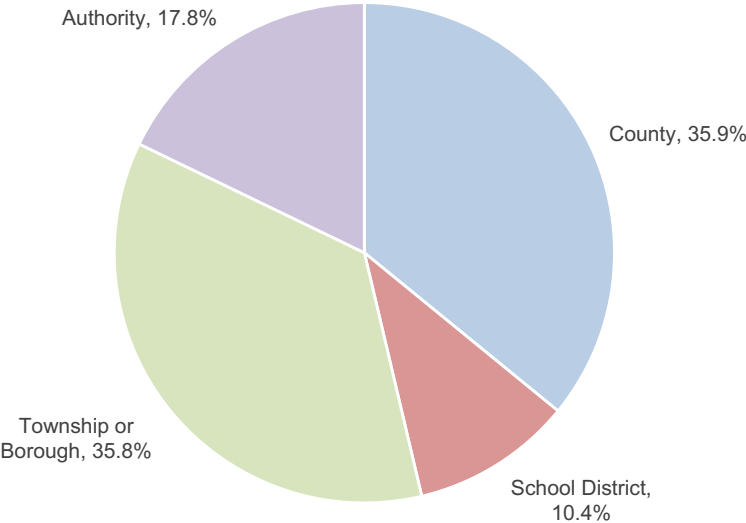
No.	Borrower	County	Participant or Guarantor Ratings		Total Outstanding 31-Dec-22	Insured (1) Loan Principal	Concentration	
			Moody's	S&P			Borrower	Cumulative
1	Delaware County	Delaware	Aa1	AA+	\$290,178,000	\$ -	27.681%	27.681%
2	Bucks County	Bucks	Aa1	AAA	62,752,700	-	5.986%	33.667%
3	Bristol Township	Bucks	Aa3	---	61,714,000	-	5.887%	39.554%
4	Bucks County Water and Sewer Authority	Bucks	---	A+	51,660,000	51,660,000	4.928%	44.482%
5	Lower Perkiomen Valley Regional Sewer Authority	Montgomery	---	AA-	43,401,000	-	4.140%	48.622%
6	Upper Dublin Township	Montgomery	Aa1	---	28,816,000	-	2.749%	51.371%
7	Aston Township	Delaware	---	AA-	23,093,000	-	2.203%	53.573%
8	Montgomery Township	Montgomery	---	AAA	22,156,000	-	2.114%	55.687%
9	Stroudsburg Area School District	Monroe	Aa3	A+	18,775,000	5,986,000	1.791%	57.478%
10	Marple Township	Delaware	---	AA	18,606,000	-	1.775%	59.253%

(1) Certain loans are insured by Assured Guaranty Municipal Corp. ("AGM") and Build America Mutual Assurance Company ("BAM") with the Delaware Valley Regional Finance Authority as the beneficiary. AGM is rated "A2" by Moody's, "AA" by S&P, and "AA+" by Kroll. BAM is currently rated "AA" by S&P.

Source: Calhoun Baker Inc.

The DelVal Loans outstanding are diversified by type of legal entity. A chart with the percentage of Loan principal outstanding by type of Participant is shown below.

**Percentage of Loan Principal Outstanding  
by Type of Participant  
as of December 31, 2022**



Source: Calhoun Baker Inc.

Loans to school districts benefit from the provisions of the *Public School Code* and the *Debt Act* that authorize an “intercept” of state funding. If any school district fails to make its required debt service payments on the Loans on the date such payments are due under a Loan Agreement, the Secretary of Education of the Commonwealth is required to withhold, from any subsidy payment of any type due to the school district by the Commonwealth, an amount equal to the debt service payments owed. The withholding provisions are not part of any contract with DelVal, and future legislation may amend or repeal the provisions of the *Public School Code* or the *Debt Act*. Enforcement may also be limited by bankruptcy, insolvency, or other laws of equitable principles affecting the enforcement of creditors’ rights generally.

DelVal operates the Loan Program of the outstanding DelVal Series as one program. Funding for Loans is often split among two or more DelVal Series. Periodically, DelVal assigns Loans from one DelVal Series to another to facilitate the origination of new Loans and to provide for the payment of principal on the DelVal Series. Loans are amortized over a period that approximates the useful life of the projects funded from the Loans. The amortization period cannot exceed the maturity of the related DelVal Series used to fund the Loan. A schedule of the projected annual amortization of the Loans outstanding is set forth below.

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### Loan Amortization Schedule as of December 31, 2022

<u>Year</u>	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
2023	\$ 4,566,000	\$ 36,061,000	\$ 7,872,000	\$ 56,599,500	\$ 105,098,500
2024	4,115,000	37,720,000	8,168,000	48,388,700	98,391,700
2025	4,058,000	37,668,000	8,352,000	48,084,900	98,162,900
2026	880,000	24,983,000	12,543,000	48,138,100	86,544,100
2027	663,000	24,732,000	12,202,000	46,254,300	83,851,300
2028	-	21,402,000	12,415,000	42,311,600	76,128,600
2029	-	-	18,412,000	38,027,700	56,439,700
2030	-	-	18,571,000	38,778,000	57,349,000
2031	-	-	9,823,000	38,271,000	48,094,000
2032	-	-	6,619,000	38,167,000	44,786,000
2033	-	-	-	38,270,000	38,270,000
2034	-	-	-	35,003,000	35,003,000
2035	-	-	-	34,674,000	34,674,000
2036	-	-	-	30,524,000	30,524,000
2037	-	-	-	29,426,000	29,426,000
2038	-	-	-	27,972,000	27,972,000
2039	-	-	-	22,943,000	22,943,000
2040	-	-	-	18,745,000	18,745,000
2041	-	-	-	14,556,000	14,556,000
2042	-	-	-	10,600,000	10,600,000
2043	-	-	-	5,653,000	5,653,000
2044	-	-	-	5,068,000	5,068,000
2045	-	-	-	5,226,000	5,226,000
2046	-	-	-	4,501,000	4,501,000
2047	-	-	-	4,642,000	4,642,000
2048	-	-	-	1,510,000	1,510,000
2049	-	-	-	1,537,000	1,537,000
2050	-	-	-	1,460,000	1,460,000
2051	-	-	-	1,020,000	1,020,000
2052	-	-	-	395,000	395,000
<b>Total</b>	<b><u>\$14,282,000</u></b>	<b><u>\$182,566,000</u></b>	<b><u>\$114,977,000</u></b>	<b><u>\$736,745,800</u></b>	<b><u>\$ 1,048,570,800</u></b>

Weighted Average Maturity (years):	1.60	2.60	5.30	8.64	7.26
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Source: Calhoun Baker Inc.

A schedule of the total funding of the Loan Program and the available funding for Loans is shown in the schedule below.

### Funds Available to Originate Loans as of December 31, 2022

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
DeIVal Series at par	\$28,000,000	\$250,000,000	\$125,000,000	\$797,000,000	\$ 1,200,000,000
Overcollateralization	-	-	28,159,000	9,930,250	38,089,250
Debt Service Reserve Funds	<u>(2,800,000)</u>	<u>(25,000,000)</u>	<u>(12,500,000)</u>	<u>(39,022,000)</u>	<u>(79,322,000)</u>
Total funding for Loans	25,200,000	225,000,000	140,659,000	767,908,250	1,158,767,250
Loans outstanding	<u>(14,282,000)</u>	<u>(182,566,000)</u>	<u>(114,977,000)</u>	<u>(736,745,800)</u>	<u>(1,048,570,800)</u>
Funds available for Loans	<b><u>\$ 10,918,000</u></b>	<b><u>\$ 42,434,000</u></b>	<b><u>\$ 25,682,000</u></b>	<b><u>\$ 31,162,450</u></b>	<b><u>\$ 110,196,450</u></b>

Source: Calhoun Baker Inc.

A listing of the applications received and Loans in process is shown below.

### Applications Received and Loans in Process as of January 31, 2023

<u>No.</u>	<u>Loans in Process</u>	<u>County</u>	<u>Insurer</u>	<u>Underlying Rating</u>			<u>Amount*</u>	<u>Scheduled Closing*</u>
				<u>Kroll</u>	<u>Moody's</u>	<u>S&amp;P</u>		
1	Delaware County	Delaware	---	---	Aa1	AA+	\$ 35,000,000	24-Feb-23
2	Lansdowne Borough	Delaware	---	---	---	---	1,286,000	**
3	Eddystone Borough	Delaware	**	---	---	---	3,300,000	**
4	Pocopson Township	Chester	---	---	---	---	900,000	**
5	Hatfield Township	Montgomery	---	AA-	---	---	10,000,000	**
Total							<u>\$ 50,486,000</u>	

\* Preliminary, subject to change.

\*\* To be determined.

Source: Calhoun Baker Inc.

### EXTRAORDINARY MANDATORY REDEMPTION RISKS OF THE 1997 SERIES AND 1998 SERIES

The 1997 Series and 1998 Series are both insured by Ambac Assurance Corporation (“Ambac”). Ambac is currently in runoff operations. Under the terms of the 1997 Series and 1998 Series indentures and the respective bond insurance policies, Ambac, in its sole discretion, must consent to the use of any proceeds from the 1997 Series and the 1998 Series to originate or acquire Loans. Consents of a third party are not required to originate or acquire Loans from proceeds of any other DelVal Series.

DelVal expects to receive \$40-\$50 million of Loan repayments annually under the 1997 Series and 1998 Series during the period from 2023 to 2025. These funds will be deposited in the Recycling Funds of the 1997 Series and 1998 Series and will be used, with the consent of Ambac, to originate or acquire Loans. The Loans originated or acquired must have maturity dates on or before July 1, 2027, for the 1997 Series or August 1, 2028, for the 1998 Series. If DelVal is unable to utilize the deposits in the Recycling Funds due to maturity constraints or due to weak demand, the deposits would be used to extraordinarily redeem the 1997 Series and/or 1998 Series (each, an “Extraordinary Mandatory Redemption”). DelVal has addressed the maturity constraints by acquiring older, outstanding Loans with conforming maturity dates and by originating portions of new Loans (with conforming principal maturities).

DELVAL CAN GIVE NO ASSURANCE THAT A SUFFICIENT AMOUNT OF LOANS WILL BE ORIGINATED OR BE AVAILABLE FOR ACQUISITION FROM OTHER DELVAL SERIES TO UTILIZE THE FUNDS THAT HAVE ACCUMULATED OR WILL ACCUMULATE IN THE RECYCLING ACCOUNTS OF THE 1997 SERIES AND 1998 SERIES. DELVAL CAN GIVE NO ASSURANCE THAT AMBAC WILL CONSENT TO DELVAL’S REQUESTS FOR THE ORINATION OR ACQUISITION OF LOANS FROM THE 1997 SERIES OR 1998 SERIES.

THE 1997 SERIES INDENTURE AND THE 1998 SERIES INDENTURE PROVIDE THAT, UNDER CERTAIN CIRCUMSTANCES, IF FUNDS IN THE RECYCLING ACCOUNTS OF THE 1997 SERIES OR 1998 SERIES CANNOT BE USED TO ORIGINATE OR ACQUIRE LOANS, THE FUNDS THAT CANNOT BE UTILIZED WILL BE SUBJECT TO AN EXTRAORDINARY MANDATORY REDEMPTION.

THE EXTRAORDINARY MANDATORY REDEMPTION PRICES OF THE 1997 SERIES AND 1998 SERIES MAY BE LOWER THAN THE FAIR MARKET VALUE OF THOSE BONDS.

In the event of an Extraordinary Mandatory Redemption, DeVal would expect to redeem first the \$18 million 1997 Series B, then the \$10 million 1997 Series C, and lastly the \$250 million 1998 Series A. For more information on Extraordinary Mandatory Redemption, please see the official statements of the 1997 Series and 1998 Series. Such official statements are not incorporated herein by reference.

The foregoing discussion is subject to change, and DeVal can give no assurance as to whether or not it will become necessary to extraordinarily redeem all or a part of the 1997 Series or the 1998 Series or the principal amounts of the 1997 Series or 1998 Series which would be extraordinarily redeemed. DeVal undertakes no obligation to update or supplement the foregoing information.

## **CITY OF CHESTER, CHAPTER 9 BANKRUPTCY FILING**

The City of Chester (the “City”), located in Delaware County, filed a petition for an order of relief under Chapter 9 of the *Bankruptcy Code* on November 10, 2022, and hearings began on November 15, 2022. DeVal has one Loan outstanding to the City, the General Obligation Notes, 2010 B Series (the “City Loan”) in the aggregate principal amount of \$932,000, scheduled to mature on June 25, 2025. The City Loan was originated from DeVal’s 2002 Series, and the 2002 Series is overcollateralized by more than \$28 million. The City has been in default of its monthly interest payment of \$2,023.22 since November 25, 2022. A principal payment of \$303,000 is due on June 25, 2023.

The City was rated “A” with a stable outlook by S&P at the time the City Loan was originated in 2010. The City maintained a positive fund balance through 2013. The financial condition of the City deteriorated significantly thereafter. S&P withdrew the rating of the City when the City did not prepare timely financial statements. The City has not been in compliance with its covenant under the Loan Agreement to provide financial statements by June 30 after the end of the City’s fiscal year, but the City had remained current on all of its DeVal Loan repayments until November 25, 2022.

The proceeds of the City Loan funded a sponsorship contribution to the Delaware County Community College that allowed students from the Chester-Upland School District to attend the Community College at the reduced tuition paid by sponsoring school districts. The City Loan is secured by: (i) a senior pledge under the Pennsylvania *Gaming Act* of host fees received from casino table games at the Harrah’s Philadelphia Casino (“Harrah’s”), (ii) a senior pledge of the host fees from the Covanta solid waste disposal plant located in the City, (iii) a subordinate pledge of other host fees from Harrah’s, and (iv) the City’s full faith, credit, and taxing power pledge.

The Pennsylvania Department of Community and Economic Development (“DCED”) received approval from the Commonwealth Court of Pennsylvania on June 22, 2020, to appoint a receiver (the “Receiver”) for the City. The Receiver’s report (the “Report”) to the Municipalities Financial Recovery Act Committee on May 24, 2022, identified the \$119.4 million unfunded pension liability as the greatest financial problem for the City. The Receiver’s solution to cure the unfunded liability would be to monetize the assets of the Chester Water Authority (the “CWA”) and use the proceeds to fund the pension obligations. The City’s efforts to monetize the CWA’s assets have been challenged by the CWA and are in litigation at the Pennsylvania Supreme Court. The Receiver expects a ruling in 2023, but the Receiver expects additional litigation after that case is adjudicated. The Report also stated that under the *American Rescue Plan Act* (“ARPA”), the City received approximately \$30.4 million (the “ARPA Funds”), and that the Receiver expected to utilize the ARPA Funds to balance the budget and maintain critical health and safety services for the fiscal years from 2022 to 2025. The use of the ARPA Funds to fund pension obligations is specifically prohibited in the *American Rescue Plan Act*.

Other creditors of the City affected by the Chapter 9 filing are Delaware County and Preston Hollow Community Capital (“PHCC”). The City’s obligation to Delaware County, under a 2009 Contribution Agreement related to the financing of infrastructure for the soccer stadium located in the City, is approximately \$7 million. The City’s obligation to PHCC, as holder of the City’s Guaranteed Revenue Bonds, 2017 Series (the “City Bonds”) is approximately \$12 million.

The trust indenture (the “City Indenture”) executed by the City to secure the issuance of the City Bonds requires all host fees to be paid directly to U.S. Bank Trust Company, National Association (the “City Trustee”) and deposited into three principal accounts: the Harrah’s Revenues Account, the Harrah’s Table Games Revenues Account, and the Host Community Revenues Account. Delaware County has a senior pledge of revenues deposited in the Harrah’s Revenues Account, DelVal is second in priority, and PHCC is third in priority. Payments due to DelVal are the first priority of funds deposited in the Harrah’s Table Games Revenues Account and the Host Community Revenues Account, and payments due to PHCC are the second priority. Any excess funds in the three accounts after making the debt service payments would be remitted to the City. The Bankruptcy Court has ordered the City Trustee to continue collecting the various host fees and to hold them in an escrow account until an order for distribution of the funds has been approved by the Court.

The ultimate outcome of the bankruptcy proceedings is not known at this time, and no assurance can be given that the City will repay the City Loan.

#### **IMPACT OF COVID-19 ON THE LOAN PROGRAM**

All Participants in the Loan Program have made their Loan Repayments as scheduled during the COVID-19 Pandemic. Grants from the \$2.2 trillion *Coronavirus Aid, Relief and Economic Security Act* and the \$1.9 trillion *American Rescue Plan Act* have allowed most Participants to maintain or increase their fund balances. In the near term, DelVal expects the grants will reduce the demand for Loans. The ultimate impacts of COVID-19 and the Federal grants on Participants and the Loan Program remain uncertain at this time.

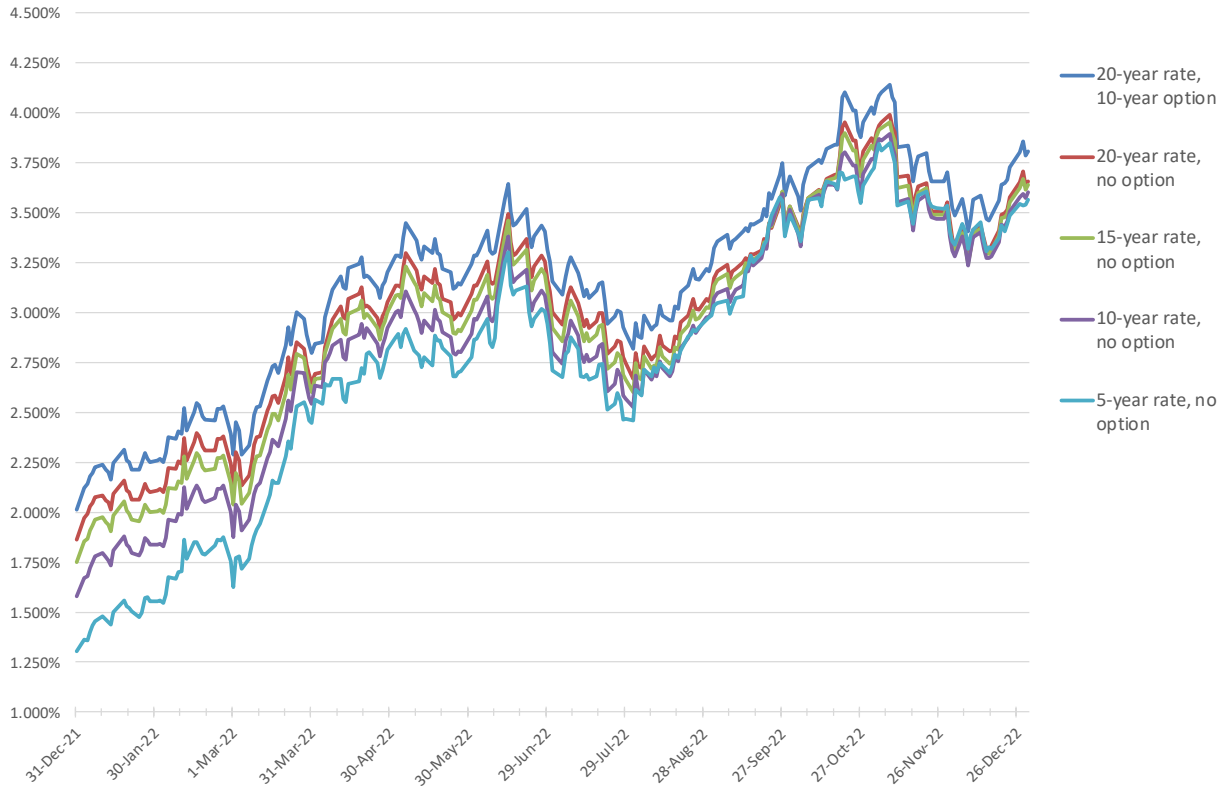
#### **ECONOMICS OF THE LOAN PROGRAM**

The DelVal Loan Program has been successful due to the low cost of funds and the flexibility of the Loan Program. DelVal utilizes interest rate swap transactions (each a “Loan Swap”) to tailor the Loan in any fashion that a Participant requests. All or a portion of a Loan can be variable rate or fixed rate, and a fixed rate can be set for a period shorter than the maturity date of the Loan. Even the smallest Participants can reduce their interest costs, avoid unnecessary refunding costs, and manage their exposure to future changes of interest rates.

A chart of the trend of DelVal fixed rates, for level-debt amortization, over the past year is shown below. Interest rates began to move higher in December 2021 and have dramatically increased since then; however, interest rates are currently below the October highs. The interest rate movement is due to the capital market’s reaction to extremely high inflation indicators and the onset of the Federal Reserve Bank’s policies to increase interest rates and to reduce holdings of Treasury and mortgage-backed securities. As a result, the yield curve has risen and flattened dramatically since the beginning of the year.

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### Trend of DeVal Loan Rates, Level Debt Amortization, as of December 31, 2022

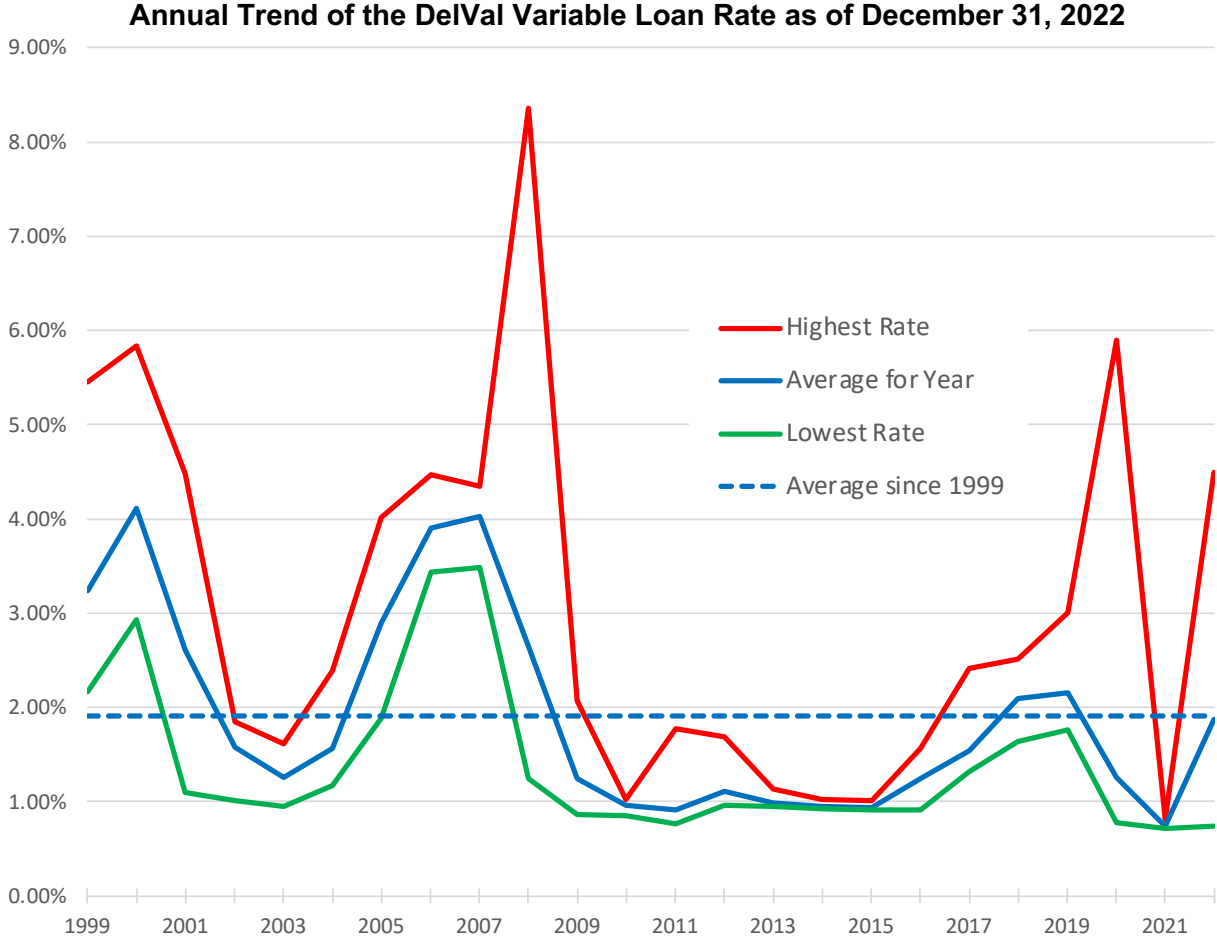


<u>Loan Option</u>	<u>Average Loan Rate</u>			
	<u>Past Year</u>	<u>Past 6-Months</u>	<u>Past 3-Months</u>	<u>Rate as of 30-Dec-22</u>
20-year rate, 10-year option	3.16%	3.47%	3.75%	3.80%
20-year rate, no option	3.01%	3.32%	3.60%	3.65%
15-year rate, no option	2.95%	3.29%	3.58%	3.64%
10-year rate, no option	2.86%	3.23%	3.54%	3.60%
5-year rate, no option	2.76%	3.21%	3.54%	3.57%

Source: Calhoun Baker Inc.

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The DelVal variable loan rate is linked to the SIFMA Index. In 2020, the SIFMA Index soared to the highest levels since 2008 due to the disruption of the capital markets caused by the COVID-19 pandemic and massive withdrawals from money market funds. The DelVal variable rate spiked to 4.50% in December 2022 due to seasonal outflows from money market funds and another rate hike of the Federal Reserve Bank. Currently, 3.07% of the Loan principal outstanding bears the variable rate. A chart of the annual averages of the variable rate since 1999 is shown below.



Average variable loan rate since 1999: 1.91%  
 Average variable rate in 2021: 1.87%  
 Variable rate as of: 30-Dec-22 4.36%

*Source: Calhoun Baker Inc.*

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The Administrator tracks the tax-exempt bond issues sold in eastern Pennsylvania, excluding Philadelphia (the “Market Area”), and calculates the All-In True Interest Cost (the “All-In TIC”) of each issue. The calculations of All-In TIC incorporate all costs of issuance and interest payments. The Administrator then compares each issue to a comparable issue sold at the Bloomberg AAA General Obligation Bonds Callable Indices (the “AAA Indices”) at par and to a comparable DeVal Loan on the date of each sale. The comparable DeVal Loan includes estimated bond insurance premiums, if insurance would be required by the Administrator, rating fees, and the same option provisions as the bond issue. A summary of the comparison is shown below.

### Bond Issues in DeVal’s Market Area\*

<u>Bond issues in the Market Area*</u>	<u>"AA" Rated Bonds Sold in the Month Ending</u>			<u>Bonds Issued in the Year Ending 31-Dec-22</u>	
	<u>31-Oct-22</u>	<u>30-Nov-22</u>	<u>31-Dec-22</u>	<u>"AA" Rating</u>	<u>All Bonds</u>
Number of issues	5	4	3	84	95
Average par amount	\$ 16,924,000	\$ 17,713,750	\$ 57,231,667	\$ 18,192,619	\$ 19,836,211
Weighted average rating	AA	AA	AA	AA	AA
Weighted average maturity (years)	17.71	11.06	17.88	15.43	14.74
Weighted costs of issuance (% of par amount)					
Bond issues	2.480%	1.405%	1.094%	1.601%	1.442%
Comparable DeVal Loans**	<u>0.639%</u>	<u>0.647%</u>	<u>0.765%</u>	<u>0.670%</u>	<u>0.652%</u>
Over comparable DeVal Loan	1.841%	0.758%	0.329%	0.931%	0.790%
Average debt service costs					
Bond issues	\$ 30,950,533	\$ 27,043,367	\$ 104,218,309	\$ 29,609,571	\$ 31,892,269
Comparable DeVal Loans**	<u>28,909,390</u>	<u>26,614,049</u>	<u>97,395,445</u>	<u>27,915,417</u>	<u>30,274,900</u>
Over comparable DeVal Loan	<u>\$ 2,041,143</u>	<u>\$ 429,318</u>	<u>\$ 6,822,864</u>	<u>\$ 1,694,154</u>	<u>\$ 1,617,369</u>
Weighted average All-In True Interest Cost					
Bond issues	4.844%	4.330%	4.092%	3.821%	3.750%
Comparable DeVal Loans**	<u>4.278%</u>	<u>4.174%</u>	<u>3.524%</u>	<u>3.287%</u>	<u>3.263%</u>
Over comparable DeVal Loan	0.566%	0.156%	0.568%	0.534%	0.487%

\* Preliminary, some official statements may not have been posted yet or may have been missed inadvertently.

\*\*DeVal Loan rates are based on actual end of day rates and include a comparable option and rating agency or insurance fees.

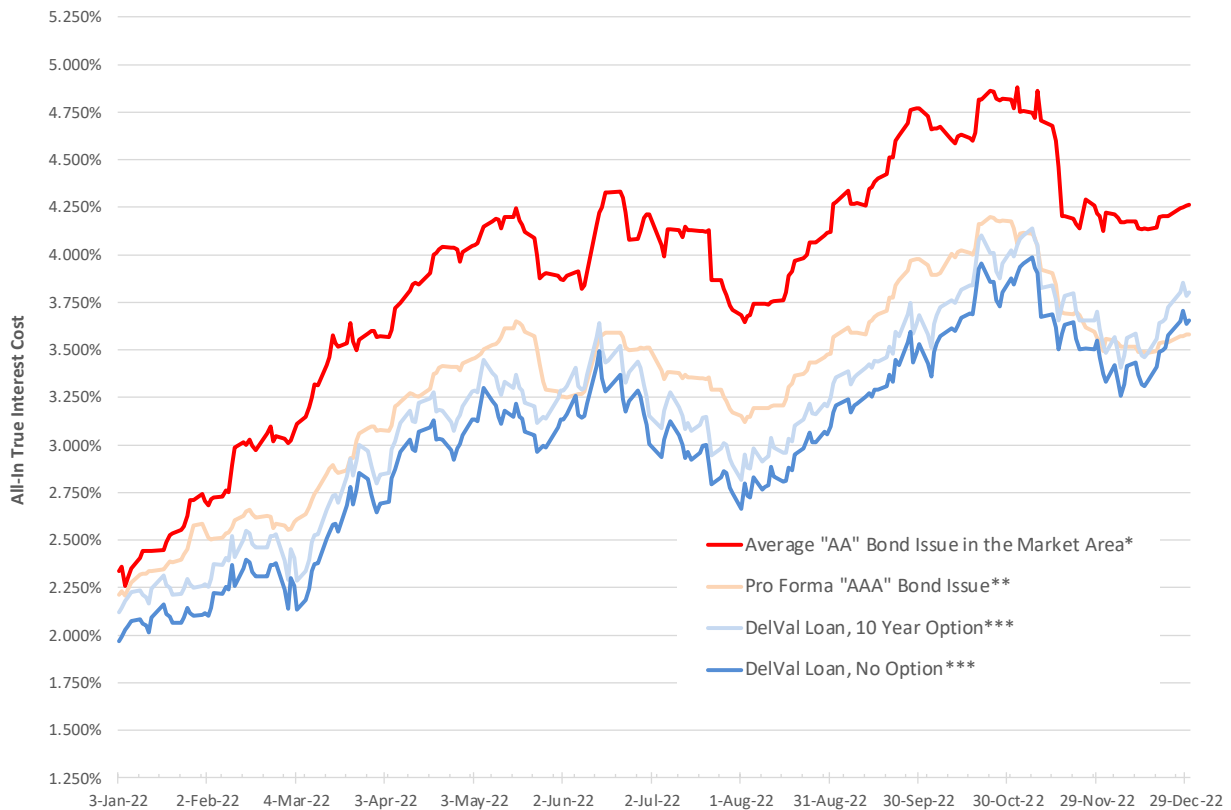
**Past results are not a predictor of future spreads and costs.**

Source: Calhoun Baker Inc.

The DeVal advantage is due to the lower costs of issuance and lower interest rates. Over the past year, the weighted average of DeVal’s All-In TIC was 0.487% below the weighted average of all bonds issued in the Market Area. DeVal’s costs of issuance averaged 55% less than the average costs of issuance of bonds in the Market Area.

A pro forma comparison of the All-In TIC of a 20-year level debt structure of the average “AA” rated bond issue sold in the Market Area (the “Average “AA” Bond”), a “AAA” Bond Issue, and a DeVal Loan is shown in the chart below. The Average “AA” Bond is based on actual sales of bonds in the Market Area with published ratings in the “AA” category and assumes costs of issuance equal to the rolling 30-day average of actual costs of issuance and coupons at par equal to the rolling 30-day average of actual spreads over the AAA Indices at par. The “AAA” Bond Issue assumes costs of issuance equal to the Average “AA” Bond and 5% coupons with a 10-year option and yields equal to the AAA Indices. The DeVal Loan is based on actual end-of-day rates and costs of issuance. The DeVal Loan is shown with and without a 10-year option. Generally, for Loan rates less than 2.50%, the option is not likely to be economic. The option breakeven rate, the interest rate after exercising the option that reduces the net present value of the debt service payments below that of the Loan without an option, is so low and the window to economically execute the option is so short that it is unlikely to be realized.

**Pro Forma All-In True Interest Costs of the  
Average "AA" Bond Issue, "AAA" Bond Issue, and DelVal Loan  
20-Year Level Debt Amortization as of December 31, 2022**



\*Based on actual weighted average spreads to "AAA" indices and actual issuance costs.

\*\* Based on Bloomberg "AAA" general obligation bond indices, 5% coupon, 10-year option, and actual costs of issuance.

\*\*\*Based on actual rates and issuance costs. The option is not likely to be economic when the Loan rate is under 2.50%.

**Past results are not a predictor of future spreads and costs.**

Source: Calhoun Baker Inc.

## COVENANT AGREEMENT

DelVal originally adopted the Covenant Agreement on April 9, 2001, to improve the security of the bondholders of the DelVal Series. Under the terms of the Covenant Agreement, DelVal pledges to use, in accordance with the provisions of each Trust Indenture, any available unrestricted funds (the "Excess Funds") to cure any deficiency in any trust estate. The Excess Funds may be used to:

- 1) Replenish any deficiency of a debt service reserve fund or
- 2) Pay any debt service payments, interest rate swap payments, administrative expenses, and interest rate swap termination payments.

The Covenant Agreement was amended and restated on April 23, 2002, April 12, 2004, June 28, 2007, and August 3, 2009.

Below is a schedule of the annual trend of Excess Funds. The Excess Funds differ from the Balance Sheet in that the amortization of non-cash items (such as original issue premium and bond insurance

premiums) are not included. Investments and restricted investments are shown at their fair market values, and bonds and loans are shown at their par amounts (no adjustment has been made to the City Loan). The Recycling Funds, the funds held by DelVal to originate new loans, were over-collateralized by approximately \$38.1 million as of December 31, 2022. The fair market values of DelVal's interest rate swap transactions, as of December 31 of each year, are also shown on the schedule, but they are not included in the calculation of Excess Funds.

**Comparative Statement of Excess Funds Available to  
Transfer to Any Trust Estate in the Event of a Deficiency  
for the Years Ended December 31**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<i>Assets</i>					
Cash and cash equivalents	\$ 79,600,862	\$ 140,847,632	\$ 57,200,213	\$ 55,208,582	\$ 52,947,186
Restricted cash and cash equivalents	45,300,000	40,300,000	40,300,000	40,513,000	55,706,000
Investments	8,760,004	1,518,741	1,532,239	-	1,247,212
Restricted investments	31,702,115	32,467,867	32,741,194	34,137,078	20,696,575
Loan interest receivable	439,298	485,480	390,255	339,657	340,788
Interest rate swaps receivable	5,641,040	5,259,179	5,262,924	5,167,042	5,154,005
Investment earnings receivable	194,162	343,447	169,819	68,321	40,896
Prepaid expenses	91,448	91,955	98,881	77,964	92,733
Loans to local governments	<u>788,294,024</u>	<u>798,886,000</u>	<u>884,685,593</u>	<u>973,003,500</u>	<u>1,016,168,000</u>
Total assets	<u>960,022,953</u>	<u>1,020,200,301</u>	<u>1,022,381,118</u>	<u>1,108,515,144</u>	<u>1,152,393,395</u>
<i>Liabilities and Deductions</i>					
Accrued expenses	79,995	13,773	21,898	43,473	11,472
Estimated rebate liability	70,000	130,000	150,000	150,000	200,000
Interest rate swaps payable	397,871	658,013	248,564	183,778	43,844
Bond interest payable	12,064,582	11,462,329	11,285,530	11,077,822	11,295,760
Bonds payable	<u>913,000,000</u>	<u>973,000,000</u>	<u>973,000,000</u>	<u>1,053,000,000</u>	<u>1,098,000,000</u>
Total liabilities	<u>925,612,448</u>	<u>985,264,115</u>	<u>984,705,992</u>	<u>1,064,455,073</u>	<u>1,109,551,076</u>
<i>Excess Funds</i>	<u>\$ 34,410,505</u>	<u>\$ 34,936,186</u>	<u>\$ 37,675,126</u>	<u>\$ 44,060,071</u>	<u>\$ 42,842,319</u>
<i>Fair Market Value of Interest Rate Swap Transactions*</i>	<u>\$134,060,500</u>	<u>\$ 111,485,546</u>	<u>\$ 123,403,081</u>	<u>\$ 110,484,725</u>	<u>\$ 99,334,725</u>

\* Fair market value includes the unamortized prepaid interest rate swap expense of the 1998 Series.

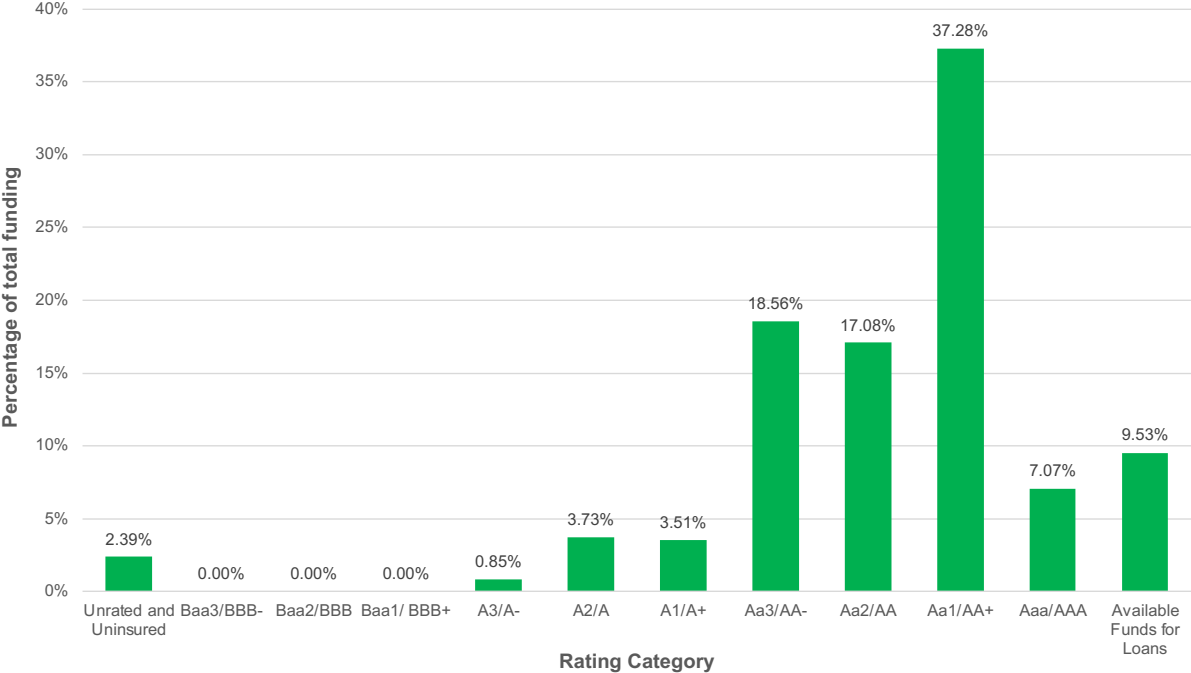
*Source: Calhoun Baker Inc.*

The Covenant Agreement requires the Participant (or its Guarantor) of a new Loan, not secured by a Participant Credit Enhancement, to have a published rating of "A3" or "A-" or higher (the "Rating Threshold") unless the proportion of (i) the principal amounts of uninsured Loans outstanding plus the principal amounts of Loans to Participants (or their Guarantors) that are rated below the Rating Threshold to (ii) the total DelVal funds available to originate Loans (the "Loan Funds") will not exceed 10% (the "Ratings Test"). The Ratings Test gives equal weight to the ratings of the rating agencies. If the Participant or Guarantor has only one published rating, the analysis gives full weight to the published rating. If a Loan is secured by a Participant Credit Enhancement, the analysis gives full weight to the higher of the rating of (i) the insurer or (ii) the Participant or Guarantor.

Below is a chart that shows the current Ratings Test. The chart shows the percentage of the Loan principal outstanding in each rating category. "Available Funds" are amounts deposited in the Recycling

Fund that are available to originate new Loans. Approximately, 2.41% of the Available Funds were committed to Participants who were uninsured and unrated or rated below the Rating Threshold.

**Covenant Agreement Ratings Test of the Loan Portfolio as of December 31, 2022**



Source: Calhoun Baker Inc.

Generally, DelVal requires a published rating at or above the Rating Threshold or a financial guaranty policy for any new Loan of \$1 million or more, even if the Ratings Test is satisfied. DelVal does not normally require ratings or insurance for Loans less than \$1 million if the Ratings Test is satisfied and the credit is approved by the Administrator.

All future bonds issued by DelVal will be issued under the Master Indenture and will be equally and ratably secured by all of the assets under the trust estate of the Master Indenture. As long as the 1997, 1998, or 2002 Series are outstanding, the Covenant Agreement will apply to all of the bonds issued under the Master Indenture. The Ratings Test provisions are incorporated in the Master Indenture.

**FINANCING ACTIVITIES**

DelVal accesses the capital markets periodically to fund the Loan Program. DelVal issues the type of debt that will minimize its cost of funds at that time. DelVal’s objective with each issuance is to create a pool of funds with a net cost to DelVal that is comparable to the cost of a 7-day variable rate demand bond (“VRDB”) at that time. DelVal has outstanding issues of: (i) fixed rate bonds, (ii) floating rate bonds indexed to 1-Month LIBOR, 3-Month LIBOR, the SOFR Index, and the SIFMA Index, and (iii) 7-day remarketed bonds.

DelVal issued the \$155 million Local Government Revenue Bonds, 2022 Series A, B, and C on February 10, 2022. The proceeds of the 2022 ABC Series were used to fund: (i) the origination of new Loans, (ii) the acquisition of Loans from other DelVal Series, (iii) a deposit to the Debt Service Reserve Fund, and (iv) the costs of issuance. Proceeds from the acquisition of Loans by the 2022 ABC Series and other DelVal Series, together with other available funds, were used to optionally redeem the \$50 million 2018 B Series and the \$50 million 2027 maturity of the 2007 C Series on February 10, 2022.

DelVal issued the \$97 million Local Government Revenue Bonds, 2022 Series D and E on July 14, 2022. The proceeds of the 2022 DE Series were used to fund: (i) the origination of new Loans, (ii) the acquisition of Loans from other DelVal Series, (iii) a deposit to the Debt Service Reserve Fund, (iv) a deposit to the Capitalized Interest Account, and (v) the costs of issuance. Proceeds from the acquisition of Loans by the 2022 DE Series and other DelVal Series, together with other available funds, were used to optionally redeem the \$50 million 2020 C Series on July 14, 2022.

DelVal extended the stated maturity of the Letter of Credit that secures the remarketing of the \$50 million 2007 B Series, issued by PNC Bank, from July 8, 2022, to May 19, 2026. DelVal also extended the stated maturity of the Letter of Credit that secures the remarketing of the \$75 million 2020 D Series, issued by TD Bank, from November 1, 2023, to June 1, 2026.

Below is a summary of the DelVal Series that are currently outstanding.

### DelVal Series Outstanding as of December 31, 2022

<u>Series</u>	<u>Par Amount</u>	<u>Debt Service Reserve Fund (1)</u>	<u>Option Date (2)</u>	<u>Purchase or Remarketing Date</u>	<u>Termination of Letter of Credit</u>	<u>Maturity Date</u>	<u>Basis Rate</u>
1997 B Series	\$ 18,000,000		No option	—	—	1-Jul-27	Fixed rate
1997 C Series	<u>10,000,000</u>		No option	—	—	1-Jul-27	Fixed rate
Total 1997 Series	<u>28,000,000</u>	\$ 2,800,000					
1998 A Series	<u>250,000,000</u>	25,000,000	No option	—	—	1-Aug-28	Fixed rate
2002 Series	<u>125,000,000</u>	12,500,000	No option	—	—	1-Jul-32	Fixed rate
<b>Master Series</b>							
2007 A Series	10,000,000		No option	—	—	1-Jun-37	Fixed rate
2007 B Series	50,000,000		Any date	Weekly	19-May-26	1-Jun-42	7-day
2007 C Series	50,000,000		1-Jun-17	—	—	1-Jun-37	3M LIBOR (4)
2018 A Series	10,000,000		No option	—	—	1-Sep-33	Fixed rate
2018 C Series	50,000,000		1-Sep-23	1-Sep-23	—	1-Sep-48	SIFMA Index
2018 D Series	30,000,000		1-Sep-23	1-Sep-24	—	1-Sep-48	1M LIBOR (4)
2018 E Series	75,000,000		1-Sep-24	1-Sep-25	—	1-Sep-48	1M LIBOR (4)
2020 A Series	100,000,000		Any date	Weekly	1-May-25	1-May-55	7-day
2020 B Series	50,000,000		No option	—	—	1-Nov-24	Fixed rate
2020 D Series	75,000,000		Any date	Weekly	1-Jun-26	1-Nov-65	7-day
2021 A Series	45,000,000		No option	—	—	1-Oct-29	Fixed rate
2022 A Series	5,000,000		No option	—	—	1-Mar-30	Fixed rate
2022 B Series	75,000,000		1-Mar-25	1-Mar-26	—	1-Mar-57	SIFMA Index
2022 C Series	75,000,000		1-Mar-26	1-Mar-27	—	1-Mar-57	SOFR Index
2022 D Series	22,000,000		No option	—	—	1-Mar-29	Fixed rate
2022 E Series	<u>75,000,000</u>		Any date	Weekly	14-Jul-27	1-Mar-57	7-day
Total Master Series	<u>797,000,000</u>	<u>37,069,000</u> (3)					
<b>Total</b>	<b><u>\$ 1,200,000,000</u></b>	<b><u>\$ 77,369,000</u></b>					

- (1) The Debt Service Reserve Funds are the maximum permissible amounts, the least of (i) 10% of the par amount, (ii) the maximum annual debt service payment, and (iii) 125% of average annual debt service.
- (2) Options can be exercised at a price of 100% of the principal amount, plus accrued interest. Exercise of the option to redeem or remarket requires 15 to 30 days of notice to Bondholders.
- (3) Held under the Master Indenture to secure all Series issued under the Master Indenture.
- (4) If a representative LIBOR index is no longer published, the LIBOR index will be replaced with the fallback rate recognized by the International Swap and Derivatives Association.

Source: Calhoun Baker Inc.

All of the DelVal Series are subject to Extraordinary Mandatory Redemption under certain circumstances. The principal reasons for an Extraordinary Mandatory Redemption would be the inability of DelVal to lend proceeds or the necessity to comply with Treasury regulations.

The Financial Conduct Authority (the “FCA”) of the United Kingdom has authorized the publication of US Dollar LIBOR indices for 1, 3, 6, and 12 months until June 30, 2023. The FCA, other regulatory authorities, or legislation may extend or shorten that deadline in the future. In the event that representative LIBOR indices are no longer available, the Supplemental Indentures of the 2007 Series and 2018 Series provide that the LIBOR rates related to the 2007 C Series, 2018 D Series, and 2018 E Series be replaced by the fallback rates recognized by the International Swaps and Derivatives Association (“ISDA”) IBOR Fallback Protocol.

The 1997 Series, 1998 Series, 2002 Series, 2007 A Series, 2018 A Series, 2020 B Series, 2021 A Series, 2022 A Series, and 2022 D Series are all fixed rate bonds that are not subject to optional redemption. All of these Series are rated “A1” by Moody’s with a stable outlook. The 2002 Series, 2007 A Series, 2018 A Series, 2020 B Series, 2021 A Series, 2022 A Series, and 2022 D Series are rated “A+” with a stable outlook by S&P. The 1997 Series and 1998 Series were originally rated by S&P based upon municipal bond insurance policies issued by Ambac. S&P withdrew the ratings for the 1997 Series and 1998 Series when Ambac filed for reorganization.

The interest rates on the 2007 C Series are set at spreads to 67% of 3-Month LIBOR, adjusted and payable quarterly. The 2007 C Series may be optionally redeemed at par on or after June 1, 2017. The 2007 C Series is rated “A1” by Moody’s and “A+” by S&P.

The interest rates on the 2018 C Series are set at spreads to the SIFMA Index, adjusted and payable monthly. The 2018 D and E Series are set at spreads to 67% of 1-Month LIBOR, adjusted and payable monthly. The 2018 Series are rated “A1” by Moody’s and “A+” by S&P. These Series may be optionally redeemed at par beginning one year prior to their respective purchase dates.

The \$50 million 2007 B Series is currently remarketed by PNC Capital Markets as a 7-day, VRDB, secured by a Letter of Credit issued by PNC Bank, National Association (the “PNC LOC”). The PNC LOC is scheduled to terminate on May 19, 2026. The 2007 B Series is rated “AA+/A-1” by S&P, “A1/VMIG 1” by Moody’s, and “A+/F1” by Fitch Ratings (“Fitch”). The short-term ratings are all based on PNC’s short-term ratings. The long-term ratings of Moody’s and Fitch are also based solely on the long-term rating of PNC. The S&P long-term rating is based on the joint probability of a default by both DelVal and PNC. The remarketing rate has averaged 1.239% over the past year, 0.0067% over the average SIFMA Index.

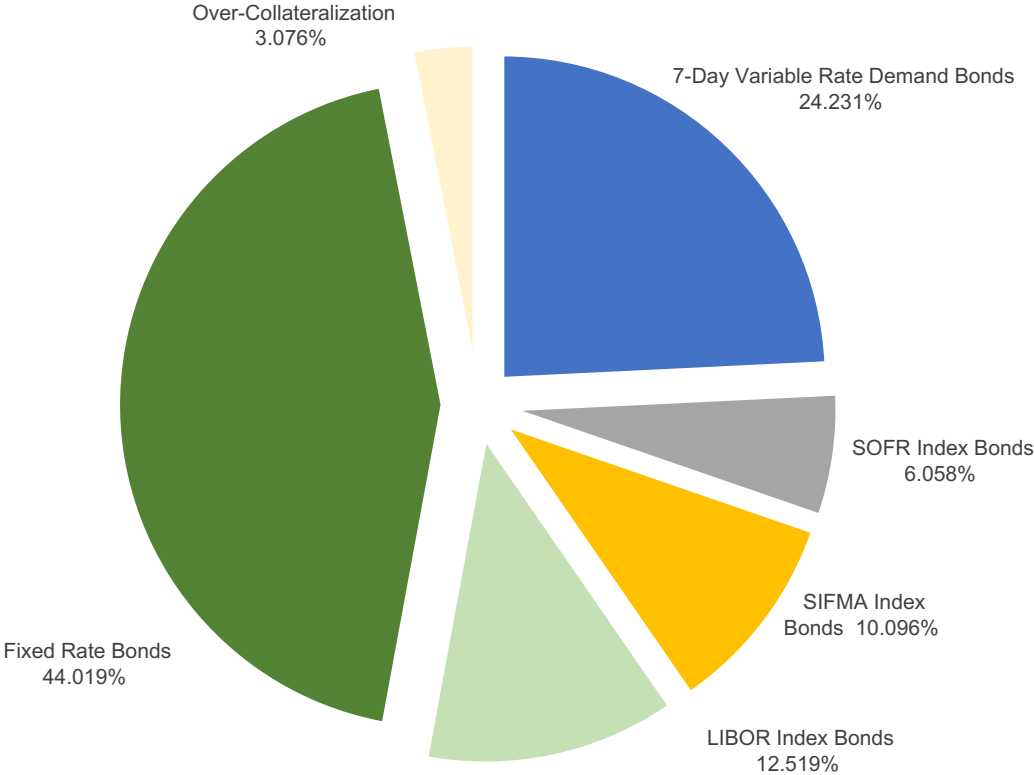
The \$100 million 2020 A Series, \$75 million 2020 D Series, and \$75 million 2022 E Series are currently remarketed by TD Securities as 7-day, VRDB’s, secured by Letters of Credit issued by TD Bank, N.A. (collectively, the “TD LOCs”). The TD LOC for the 2020 A Series is scheduled to terminate on May 1, 2025, the TD LOC for the 2020 D Series is scheduled to terminate on June 1, 2026, and the TD LOC for the 2022 E Series is scheduled to terminate on July 14, 2027. The 2020 A Series, 2020 D Series and 2022 E Series are rated “Aa3/VMIG 1” by Moody’s and “AA+/A-1” by S&P. The short-term ratings are based on TD’s short-term ratings. The Moody’s long-term ratings are based on TD’s long-term rating. The S&P long-term ratings are based on the joint probability of a default by both DelVal and TD. The remarketing rates for the 2020 A Series and 2020 D Series have averaged 1.225% over the past year, 0.0070% under the average SIFMA Index. The remarketing rates for the 2022 E Series has averaged 2.140% since July 14, 2022, 0.012% under the average SIFMA Index.

The interest rates on the 2022 B Series are set at spreads to the SIFMA Index, adjusted and payable monthly. The 2022 C Series are set at spreads to 67% of the Secured Overnight Financing Rate (“SOFR”),

adjusted and payable monthly. The 2022 B and C Series are rated “A1” by Moody’s and “A+” by S&P. These Series may be optionally redeemed at par beginning one year prior to their respective purchase dates.

The total funding for the Loan Program, including the over-collateralization of \$38,089,250, is \$1,238,089,250, as of December 31, 2022. Below is a chart that shows the current composition of the funding.

**Composition of the Funding for the DeVal Loan Program**



Source: Calhoun Baker Inc.

DeVal expects to issue one or more new DeVal Series within the next eighteen months to provide additional funding for the Loan Program or to refund outstanding DeVal Series. DeVal expects to optionally redeem or to remarket the \$30 million 2018 D Series that has an optional redemption date of September 1, 2023, and a mandatory purchase date of September 1, 2024.

The DeVal Board annually adopts a Post Issuance Compliance Policy, and under the policy, the Administrator monitors and reports any compliance issues with Treasury regulations or rules of the Municipal Securities Rulemaking Board.

The estimated debt service payments of the DeVal Series outstanding on December 31, 2022, are shown on the following page. The 2022 debt service payments are the actual payments. Interest rates on variable rate DeVal Series beginning in 2023 are based on the last rate resets of 2022.

**Delaware Valley Regional Finance Authority**  
**Estimated Debt Service Payments for the DeVal Series Outstanding on December 31, 2022**

Fiscal Year	1997 Series		1998 Series		2002 Series		Master Series		Total Debt Service		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2022*	\$ -	\$ 1,801,000	\$ -	\$ 13,750,000	\$ -	\$ 7,187,500	\$ 150,000,000	\$ 12,961,982	\$ 150,000,000	\$ 35,700,482	\$ 185,700,482
2023	-	1,801,000	-	13,750,000	-	7,187,500	-	26,171,154	-	48,909,654	48,909,654
2024	-	1,801,000	-	13,750,000	-	7,187,500	50,000,000	26,969,591	50,000,000	49,708,091	99,708,091
2025	-	1,801,000	-	13,750,000	-	7,187,500	-	24,469,591	-	47,208,091	47,208,091
2026	-	1,801,000	-	13,750,000	-	7,187,500	-	24,469,591	-	47,208,091	47,208,091
2027	28,000,000	1,801,000	-	13,750,000	-	7,187,500	-	24,469,591	28,000,000	47,208,091	75,208,091
2028	-	-	250,000,000	13,750,000	-	7,187,500	-	24,469,591	250,000,000	45,407,091	295,407,091
2029	-	-	-	-	-	7,187,500	67,000,000	24,019,591	67,000,000	31,207,091	98,207,091
2030	-	-	-	-	-	7,187,500	5,000,000	22,544,591	5,000,000	29,732,091	34,732,091
2031	-	-	-	-	-	7,187,500	-	22,419,591	-	29,607,091	29,607,091
2032	-	-	-	-	125,000,000	7,187,500	-	22,419,591	125,000,000	29,607,091	154,607,091
2033	-	-	-	-	-	-	10,000,000	22,169,591	10,000,000	22,169,591	32,169,591
2034	-	-	-	-	-	-	-	21,919,591	-	21,919,591	21,919,591
2035	-	-	-	-	-	-	-	21,919,591	-	21,919,591	21,919,591
2036	-	-	-	-	-	-	-	21,919,591	-	21,919,591	21,919,591
2037	-	-	-	-	-	-	100,000,000	20,298,334	100,000,000	20,298,334	120,298,334
2038	-	-	-	-	-	-	-	18,677,076	-	18,677,076	18,677,076
2039	-	-	-	-	-	-	-	18,677,076	-	18,677,076	18,677,076
2040	-	-	-	-	-	-	-	18,677,076	-	18,677,076	18,677,076
2041	-	-	-	-	-	-	-	18,677,076	-	18,677,076	18,677,076
2042	-	-	-	-	-	-	10,000,000	18,402,076	10,000,000	18,402,076	28,402,076
2043	-	-	-	-	-	-	-	18,127,076	-	18,127,076	18,127,076
2044	-	-	-	-	-	-	-	18,127,076	-	18,127,076	18,127,076
2045	-	-	-	-	-	-	-	18,127,076	-	18,127,076	18,127,076
2046	-	-	-	-	-	-	-	18,127,076	-	18,127,076	18,127,076
2047	-	-	-	-	-	-	-	18,127,076	-	18,127,076	18,127,076
2048	-	-	-	-	-	-	155,000,000	16,908,720	155,000,000	16,908,720	171,908,720
2049	-	-	-	-	-	-	-	13,253,653	-	13,253,653	13,253,653
2050	-	-	-	-	-	-	-	13,253,653	-	13,253,653	13,253,653
2051	-	-	-	-	-	-	-	13,253,653	-	13,253,653	13,253,653
2052	-	-	-	-	-	-	75,000,000	11,200,528	75,000,000	11,200,528	86,200,528
2053	-	-	-	-	-	-	-	10,516,153	-	10,516,153	10,516,153
2054	-	-	-	-	-	-	-	10,516,153	-	10,516,153	10,516,153
2055	-	-	-	-	-	-	175,000,000	8,158,861	175,000,000	8,158,861	183,158,861
2056	-	-	-	-	-	-	-	4,128,653	-	4,128,653	4,128,653
2057	-	-	-	-	-	-	150,000,000	1,032,163	150,000,000	1,032,163	151,032,163
<b>Total</b>	<b>\$28,000,000</b>	<b>\$ 10,806,000</b>	<b>\$250,000,000</b>	<b>\$ 96,250,000</b>	<b>\$ 125,000,000</b>	<b>\$ 79,062,500</b>	<b>\$ 947,000,000</b>	<b>\$ 649,579,099</b>	<b>\$1,350,000,000</b>	<b>\$835,697,599</b>	<b>\$2,185,697,599</b>

\*Actual payments in 2022. Variable rate bonds in 2023 and thereafter are estimated using the last rate reset of 2022.

Source: Calhoun Baker Inc.

## INVESTMENTS

The funds held by DelVal are invested in Guaranteed Investment Contracts (“GIC’s”) and other investments that satisfy the requirements of the respective Trust Indentures. DelVal treats the GIC’s as cash equivalents because the interest rates on the GIC’s adjust weekly and DelVal can deposit or withdraw funds from the GIC’s with no more than seven days of written notice. Under the terms of the GIC’s, DelVal may require the providers to post collateral of cash, Treasury obligations, or certain agency obligations to secure the principal invested, plus accrued interest, if they are downgraded below certain thresholds. Citigroup Financial Products Inc. (“CFPI”) currently posts collateral to secure its GIC.

DelVal’s short-term investments are generally restricted to instruments with ratings of “P-1” from Moody’s and “A-1” or higher from S&P, and DelVal’s long-term investments are generally restricted to instruments with ratings of “Aa3” or higher from Moody’s and “AA-” or higher from S&P. Investments are recorded at fair value. The funds not invested in GIC’s have been invested in floating rate notes, indexed to SOFR or commercial paper. DelVal has executed interest rate swaps related to the SOFR floating rate notes to eliminate the SOFR basis risk: DelVal pays SOFR and receives the SIFMA Index. A summary of the cash equivalents and investments is shown below.

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**Cash Equivalents, Restricted Cash Equivalents, Investments, and  
Restricted Investments as of December 31, 2022**

<i>Description</i>	<i>Senior Debt Rating of Counterparty or Guarantor</i>			<i>Maturity</i>	<i>Rate (6)</i>	<i>Cash Equivalents</i>	<i>Restricted Cash Equivalents</i>	<i>Fair Value Restricted Investments</i>	<i>Total Fair Value</i>	<i>Fair Value Concentration</i>
	<i>Moody's</i>	<i>S&amp;P</i>	<i>Fitch</i>							
<i>Floating rate notes (1)</i>										
National Australia Bank	Aa3	AA-	***	12-Jan-27	4.950%	\$ -	\$ -	\$ 4,607,410	\$ 4,607,410	2.586%
Pacific Life Global Funding	Aa3	AA-	AA-	4-Jun-26	4.920%	-	-	16,286,170	16,286,170	9.141%
Treasury Money Market	Aaa-mf	AAAm	***	***	3.350%	-	-	-	-	0.000%
Commercial Paper/VRDO	A+1	P-1	F1+	15-Jun-49	3.600%	12,707,000	4,793,000	-	17,500,000	9.822%
<i>GIC's (2)</i>										
BayemLB	Aa3	***	A-	1-Jul-26	2.840%	-	12,529,000	-	12,529,000	40.819%
BayemLB (3)	Aaa	***	AAA	27-Jul-28	4.090%	35,194,831	25,000,000	-	60,194,831	
CFPI (4)	A3	BBB+	A	28-May-42	3.631%	17,946,716	-	-	17,946,716	10.073%
Natixis (5)	Aa2	AA	AA	28-Jun-27	4.052%	10,520,522	2,800,000	-	13,320,522	
Natixis (5)	Aa2	AA	AA	28-Jun-32	3.630%	23,277,939	12,500,000	-	35,777,939	27.558%
Total						<u>\$ 99,647,008</u>	<u>\$ 57,622,000</u>	<u>\$ 20,893,580</u>	<u>\$ 178,162,588</u>	99.999%

(1) Notes pay a spread over SOFR, adjusted and paid quarterly.

(2) GIC's pay a spread over the SIFMA Index, adjusted weekly and paid monthly.

(3) Obligations guaranteed by the State of Bavaria.

(4) Obligations are collateralized and held by the Bank of New York Mellon.

(5) Obligations are guaranteed by Caisse des Dépôts et Consignations.

(6) Rate as of December 31, 2022.

*Source: Calhoun Baker Inc.*

## **INTEREST RATE SWAP AGREEMENTS**

DeIVal utilizes Bond Swaps to hedge its interest rate and basis risk. When DeIVal issued fixed rate bonds, DeIVal executed Bond Swaps under which it received a fixed rate and paid the SIFMA Index. This hedged the risk that the future market rates to the maturity dates of the fixed rate bonds would be lower than the fixed rates of the bonds, which would make that fixed rate bond issue uncompetitive with other financing options. When DeIVal issued LIBOR index or SOFR bonds, DeIVal executed Bond Swaps under which it received the LIBOR or SOFR and paid the SIFMA Index. This eliminated the basis risk of changes in the ratio of tax-exempt rates to the LIBOR and SOFR rates. DeIVal did not need to hedge the SIFMA Index bonds or the VRDB's.

DeIVal also utilizes Loan Swaps to provide fixed rate Loans. When a Participant requests a fixed rate, DeIVal executes a Loan Swap that offsets payments on the Bond Swaps under which DeIVal receives a SIFMA Index payment and pays a fixed rate. The notional reductions of the Loan Swap match the amortization of the related Loan. The Participant has flexibility to choose option provisions, set fixed rates for periods shorter than the maturity date, and split the Loan into tranches with multiple fixed rates or a combination of variable and fixed rates.

DeIVal has also executed interest rate swaps (each an "Investment Swap") to eliminate the basis risk of investments in SOFR indexed floating rate notes. Under these transactions, DeIVal pays SOFR and receives the SIFMA Index.

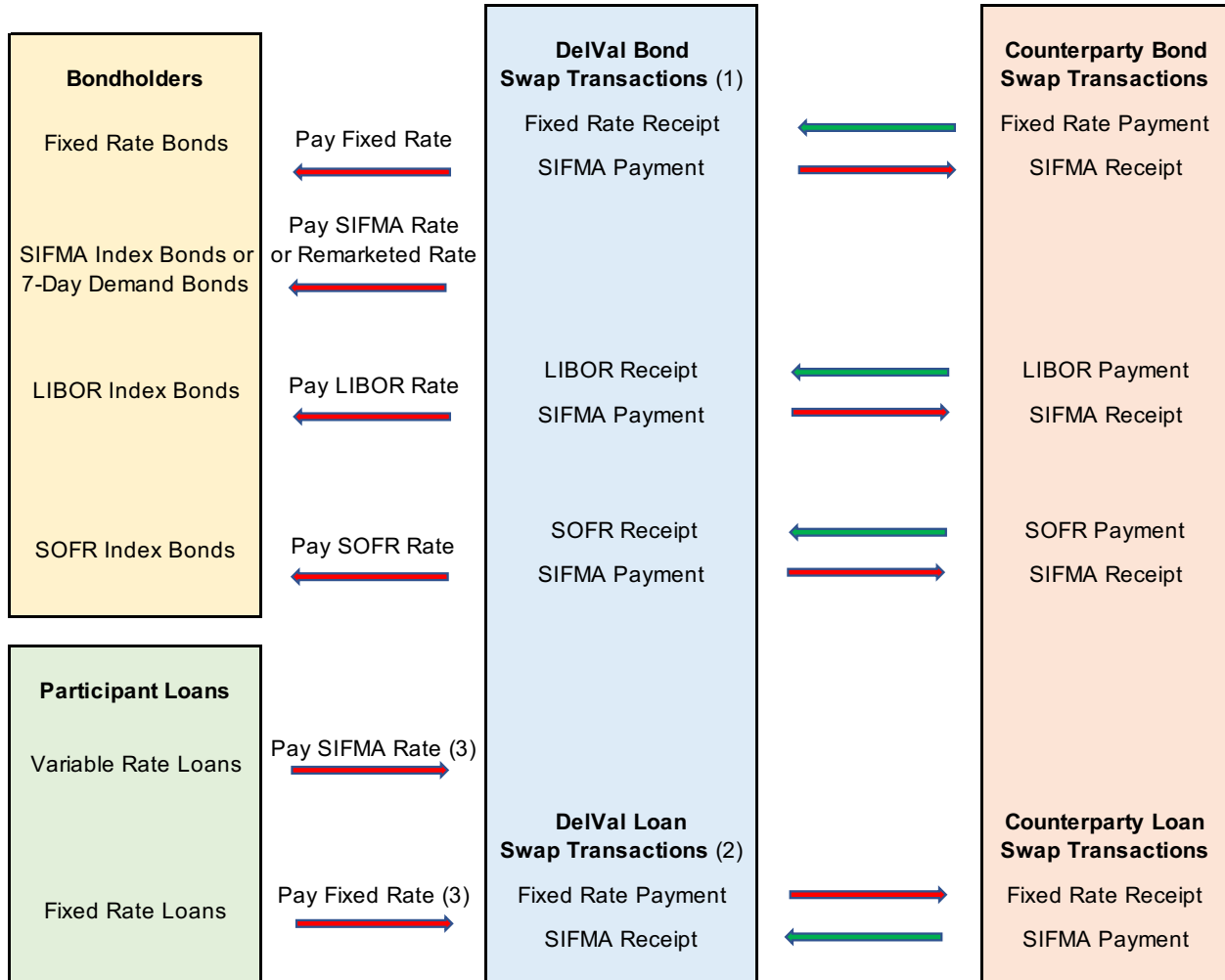
All of the Bond Swaps, Loan Swaps, and Investment Swaps are effective hedges under the "consistent critical terms" and "quantitative methods" standards of the Governmental Accounting Standards Board Statement No. 53.

The DeIVal Board annually adopts an Interest Rate Swap Management Policy (the "Swap Policy"). Any exceptions to Swap Policy must be explicitly authorized by a Resolution of the Board.

Below is a chart that depicts the cash flows for the DeIVal Loan program.

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## Cash Flows of Debt Service, Interest Rate Swap, and Loan Payments



- (1) Transactions executed to create a pool of funds with a net cost of funds equal to the SIFMA Index plus a spread to hedge changes in long-term interest rates and basis risks.
- (2) Transactions that offset Bond Swaps executed to provide fixed interest rate Loans.
- (3) The Loan Rate is set monthly by the Administrator at levels sufficient to pay (i) debt service on DeVal's Bonds, (ii) net swap payments, and (iii) administrative expenses.

*Source: Calhoun Baker Inc.*

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A summary of the outstanding transactions and their market values is shown below.

### Interest Rate Swap Transactions as of December 31, 2022

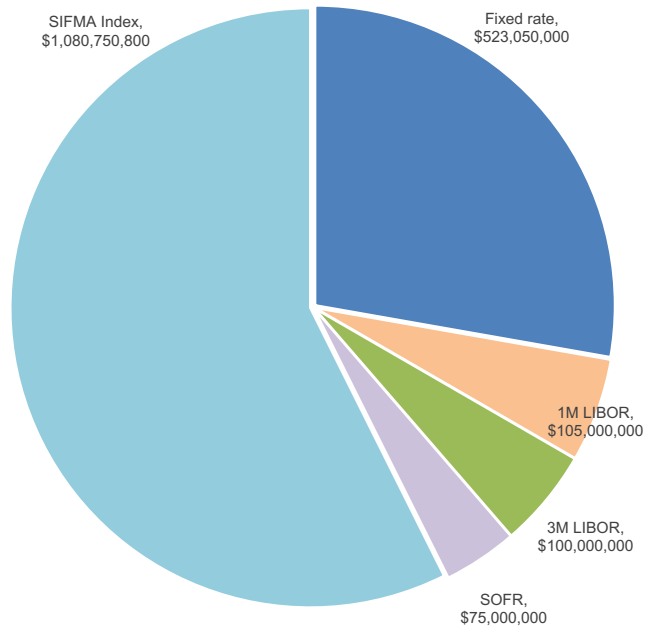
	<u>Fitch</u>	<u>Kroll</u>	<u>Moody's</u>	<u>S&amp;P</u>	<u>Notional Amount</u>	<u>Market Value 30-Dec-22</u>
<b>Bond Swaps</b>						
1997 Series	***	***	A1	***	\$ 28,000,000	\$ 2,633,390
1998 Series	***	***	A1	***	250,000,000	26,804,273
2002 Series	***	***	A1	A+	125,000,000	15,045,510
Master Series	***	***	A1	A+	<u>400,050,000</u>	<u>(11,259,776)</u>
Total Bond Swaps					<u>803,050,000</u>	<u>33,223,397</u>
<b>Loan swaps</b>						
1997 Series	***	***	A1	***	13,095,000	274,783
1998 Series	***	***	A1	***	186,916,000	6,394,974
2002 Series	***	***	A1	A+	106,682,000	7,127,800
Master Series	***	***	A1	A+	<u>752,327,800</u>	<u>85,580,737</u>
Total Loan Swaps					<u>1,059,020,800</u>	<u>99,378,294</u>
Investment swaps					<u>21,700,000</u>	<u>(543,335)</u>
TOTAL					<u>\$ 1,883,770,800</u>	<u>\$ 132,058,356</u>
<b>Counterparty</b>						
Bank of America	A+	***	Aa3	A+	\$ 1,075,274,100	\$ 97,168,179
Barclays Bank PLC	A	***	A1	A	30,771,000	1,614,597
Citibank	A+	***	Aa3	A+	110,050,000	(130,391)
PNC Bank	A+	AA-	A1	A	450,908,000	20,593,890
Royal Bank of Canada	AA	***	Aa2	AA-	216,014,700	12,787,907
Toronto-Dominion Bank	***	AA	Aa2	AA-	<u>753,000</u>	<u>24,173</u>
TOTAL					<u>\$ 1,883,770,800</u>	<u>\$ 132,058,356</u>

Source: Calhoun Baker Inc.

DelVal has executed Bond Swaps to hedge the basis risk of the 2007 C, 2018 D, and 2018 E Series bond interest payments that are indexed to LIBOR. Under these Bond Swaps, DelVal receives LIBOR and pays the SIFMA Index. The FCA of the United Kingdom has authorized publishing the US Dollar LIBOR indices for 1, 3, 6, and 12 months until June 30, 2023. DelVal and the related counterparties for these Bond Swaps, PNC Bank and Citibank, have all adhered to the ISDA IBOR Fallback Protocol to replace LIBOR rates with risk-free reference rates based on SOFR when representative LIBOR rates are no longer published. When the FCA determines that representative LIBOR indices are no longer published, the supplemental indentures of the 2007 and 2018 Series provide that the LIBOR rates paid on the bonds will be replaced with the fallback rates adopted by ISDA.

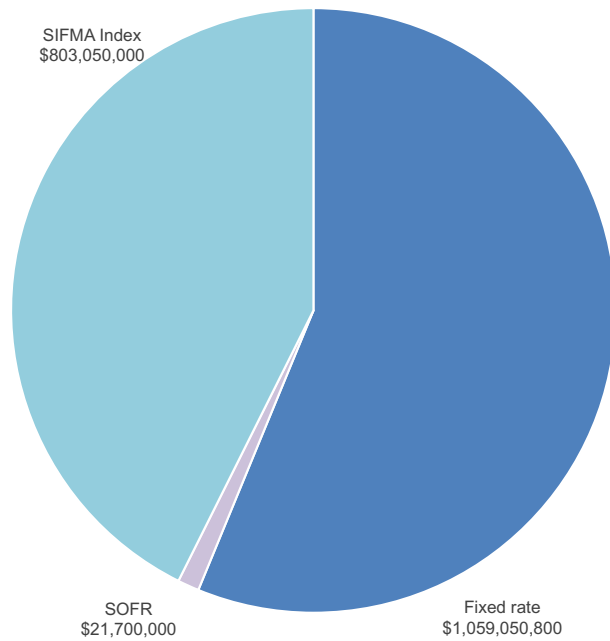
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**Notional Amount of Interest Rate Swap Receiver Rates  
as of December 31, 2022**



Source: Calhoun Baker Inc.

**Notional Amount of Interest Rate Swap Payor Rates  
as of December 31, 2022**



Source: Calhoun Baker Inc.

## STRESS TESTS

DelVal periodically prepares projections of operating results for the rating agencies to test the ability of DelVal to withstand changes of future market conditions. The schedules project Loan principal and interest payments and operating revenues and expenses. The coverage of available funds over the bond principal and interest payments is calculated, including debt service reserve funds, but ignoring accumulated fund balances. The stress tests are based upon certain assumptions, including, but not limited to, changes of interest rates and Loan origination, which may or may not occur, and actual results will differ from those shown below. The purpose of the analysis is not to predict the actual results of DelVal, but to identify potential weaknesses in the structure of the Loan Program, particularly vulnerabilities to interest rate shocks.

The base case scenario assumes the DelVal Series are repaid on their respective maturity dates, based on the Loans, debt, and swaps outstanding as of December 31, 2022. The analysis assumes that new Loans are originated when funds are available and that the SIFMA Index changes in a straight line from an assumed average rate of 2.00% in 2023 to the assumed average rates below:

- 1) SIFMA Index decreases to 1.50% in 2033,
- 2) SIFMA Index increases to 3.00% in 2033,
- 3) SIFMA Index increases to 5.00% in 2033 and
- 4) SIFMA Index increases to 8.00% in 2033.

Coverage of debt service is tightest in the years with large bond principal payments. The projections show that coverage of debt service in these years is not sensitive to changes in the interest rate assumptions. The results are robust because (i) the Loan Program is over-collateralized by \$38,089,250, (ii) each DelVal Series has a Debt Service Reserve Fund funded from proceeds, and (iii) the amortization of Loans is structured to ensure that sufficient funds from Loan principal payments will be available to pay principal on the DelVal Series when the payments are due. The test of the adequacy of the cash flows of Loan principal repayments is required under the Trust Indentures and the Covenant Agreement. If sufficient funds would not be available for principal repayments of the DelVal Series, the Loan would not be originated.

The principal circumstances under which coverage would be inadequate would be: (i) a cataclysmic market failure that would cause DelVal's swap or investment counterparties to default on their obligations for a prolonged period or (ii) a cataclysmic economic disruption in Pennsylvania that would cause a large number of Participants to default on their debt obligations for a prolonged period.

Under the scenario with the SIFMA Index at 3.00% in 2033, the funds available for coverage in 2028 would be sufficient to cover the debt service payments if:

- 1) Every Participant defaulted on principal and interest payments for nine months,
- 2) Every swap counterparty defaulted on payments for 46 months, or
- 3) Every investment counterparty defaulted on interest payments for ten years.

These measures are heuristic. If any such cataclysmic events occurred, other factors would weigh on DelVal and the capital markets, but they do demonstrate the resilience of the Loan Program.

A summary, assuming the SIFMA Index rises to 3.00% in 2033, is shown in the schedule below. The schedule also shows comparisons of the coverage to the other interest rate assumptions.

**Estimated Debt Service Coverage for the Scheduled Debt Service Repayment Scenario  
with the Average SIFMA Index Rising to 3.00% in 2033**

Year	Funds Available for Debt Service				Debt Service			Annual Coverage of Debt Service (4)		Coverage Percentage if the SIFMA Index in 2033 averages:		
	Revenue Fund (1)	Recycling Fund (2)	Debt Service Reserve	Total	Interest (3)	Principal	Total	Amount in Excess of Debt Service	Coverage Percentage	1.50%	5.00%	8.00%
2023	\$44,595,686	\$215,294,950	\$79,322,000	\$339,212,636	\$ 44,957,810	\$ -	\$ 44,957,810	\$294,254,826	755%	751%	760%	767%
2024	44,375,283	217,044,650	79,322,000	340,741,933	45,618,575	50,000,000	95,618,575	245,123,358	356%	358%	355%	352%
2025	44,766,350	174,035,550	77,310,000	296,111,900	43,769,315	-	43,769,315	252,342,585	677%	702%	646%	607%
2026	45,670,519	170,960,650	77,310,000	293,941,169	44,433,765	-	44,433,765	249,507,404	662%	700%	618%	566%
2027	46,717,562	214,540,950	77,310,000	338,568,512	45,084,505	28,000,000	73,084,505	265,484,007	463%	482%	442%	414%
2028	43,432,793	278,510,550	74,510,000	396,453,343	43,944,270	250,000,000	293,944,270	102,509,073	135%	135%	134%	134%
2029	29,893,896	123,529,250	49,510,000	202,933,146	30,391,660	67,000,000	97,391,660	105,541,486	208%	215%	200%	191%
2030	29,985,685	130,885,250	46,642,000	207,512,935	29,584,460	5,000,000	34,584,460	172,928,475	600%	725%	495%	400%
2031	30,631,415	115,197,250	46,326,000	192,154,665	30,110,200	-	30,110,200	162,044,465	638%	829%	499%	388%
2032	30,813,067	162,971,250	46,326,000	240,110,317	30,767,615	125,000,000	155,767,615	84,342,702	154%	157%	151%	146%
2033	25,055,885	107,806,250	33,826,000	166,688,135	24,237,890	10,000,000	34,237,890	132,450,245	487%	644%	379%	297%
2034	24,992,937	106,333,250	33,264,000	164,590,187	23,737,890	-	23,737,890	140,852,297	693%	1117%	481%	348%
2035	24,995,232	108,621,250	33,264,000	166,880,482	23,737,890	-	23,737,890	143,142,592	703%	1135%	486%	351%
2036	24,993,900	107,284,250	33,264,000	165,542,150	23,737,890	-	23,737,890	141,804,260	697%	1127%	482%	347%
2037	23,636,987	109,085,250	33,264,000	165,986,237	22,437,890	60,000,000	82,437,890	83,548,347	201%	216%	187%	173%
2038	22,444,999	111,648,250	29,641,000	163,734,249	21,137,890	-	21,137,890	142,596,359	775%	1296%	523%	370%
2039	22,431,794	107,295,250	29,641,000	159,368,044	21,137,890	-	21,137,890	138,230,154	754%	1250%	513%	364%
2040	22,431,170	106,665,250	29,641,000	158,737,420	21,137,890	-	21,137,890	137,599,530	751%	1247%	510%	362%
2041	22,430,874	106,366,250	29,641,000	158,438,124	21,137,890	-	21,137,890	137,300,234	750%	1246%	509%	360%
2042	21,427,419	106,678,250	29,641,000	157,746,669	20,280,390	50,000,000	70,280,390	87,466,279	224%	245%	204%	184%
2043	20,554,289	113,624,250	26,515,000	160,693,539	19,422,890	-	19,422,890	141,270,649	827%	1297%	550%	381%
2044	20,525,877	101,425,250	26,515,000	148,466,127	19,422,890	-	19,422,890	129,043,237	764%	1272%	517%	365%
2045	20,538,566	99,297,250	26,515,000	146,350,816	19,422,890	-	19,422,890	126,927,926	753%	1254%	510%	366%
2046	20,623,633	117,548,250	26,515,000	164,686,883	19,422,890	-	19,422,890	145,263,993	848%	1379%	588%	445%
2047	20,768,897	160,514,250	26,515,000	207,798,147	19,422,890	-	19,422,890	188,375,257	1070%	1786%	721%	522%
2048	17,340,658	202,203,250	26,515,000	246,058,908	17,911,386	155,000,000	172,911,386	73,147,522	142%	146%	138%	138%
2049	15,462,709	99,058,250	18,317,000	132,837,959	13,376,875	-	13,376,875	119,461,084	993%	1712%	652%	468%
2050	15,457,487	100,943,250	18,317,000	134,717,737	13,376,875	-	13,376,875	121,340,862	1007%	1713%	671%	466%
2051	15,491,010	105,073,250	18,317,000	138,881,260	13,376,875	-	13,376,875	125,504,385	1038%	1765%	692%	481%
2052	14,175,621	158,767,250	18,317,000	191,259,871	11,447,500	75,000,000	86,447,500	104,812,371	221%	230%	211%	199%
2053	13,007,646	142,886,250	14,985,000	170,878,896	10,804,375	-	10,804,375	160,074,521	1582%	2746%	1026%	688%
2054	13,172,793	197,398,250	14,985,000	225,556,043	10,804,375	-	10,804,375	214,751,668	2088%	3638%	1348%	896%
2055	10,033,477	249,918,250	14,985,000	274,936,727	8,589,167	175,000,000	183,589,167	91,347,560	150%	152%	147%	144%
2056	6,951,166	133,817,250	6,327,000	147,095,416	4,801,875	-	4,801,875	142,293,541	3063%	5312%	1977%	1308%
2057	4,268,002	181,762,250	6,327,000	192,357,252	1,200,469	150,000,000	151,200,469	41,156,783	127%	127%	128%	130%
Total					<u>\$ 814,187,797</u>	<u>\$ 1,200,000,000</u>	<u>\$ 2,014,187,797</u>					

- (1) Excess of annual revenues over administrative expenses and net swap payments.
- (2) Recycling Fund deposits before origination of Loans. Includes over-collateralization of: \$ 38,089,250
- (3) Includes letter of credit and remarketing fees.
- (4) Assumes the SIFMA Index changes in straight-line increments.

Source: Calhoun Baker Inc.

## EXHIBIT I: LOANS OUTSTANDING AS OF DECEMBER 31, 2022

No.	Borrower	County	Participant or Guarantor Ratings			Loans Outstanding				Total Outstanding 31-Dec-22	Insured (1) Loan Principal	Concentration	
			Kroll	Moody's	S&P	1997 Series	1998 Series	2002 Series	Master Series			Borrower	Cumulative
1	Aston Township	Delaware	--	--	AA-	\$ -	\$ -	\$ 1,558,000	\$ 21,535,000	\$ 23,093,000	\$ -	2.203%	2.203%
2	Bensalem Township	Bucks	--	Aa1	--	-	11,649,000	-	6,747,000	18,396,000	-	1.755%	3.958%
3	Benton Township	Lackawanna	--	--	--	-	-	-	190,000	190,000	-	0.018%	3.976%
4	Bethel Township Sewer Authority	Delaware	A+	--	--	-	-	-	1,147,000	1,147,000	-	0.109%	4.085%
5	Bridgeport Borough	Montgomery	--	A2	--	241,000	-	2,080,000	2,180,000	4,501,000	3,687,000	0.429%	4.515%
6	Bristol Borough	Bucks	A+	--	--	-	308,000	-	-	308,000	-	0.029%	4.544%
7	Bristol Borough School District	Bucks	--	--	A-	-	-	-	9,114,000	9,114,000	9,114,000	0.869%	5.413%
8	Bristol Township	Bucks	--	Aa3	--	-	-	1,804,000	59,910,000	61,714,000	-	5.887%	11.300%
9	Bristol Township School District	Bucks	--	A1	--	71,000	-	-	-	71,000	-	0.007%	11.307%
10	Brookhaven Borough	Delaware	--	--	--	-	-	1,335,000	-	1,335,000	-	0.127%	11.435%
11	Bucks County	Bucks	--	Aa1	AAA	-	52,068,000	10,651,000	33,700	62,752,700	-	5.986%	17.421%
12	Bucks County Airport Authority	Bucks	--	Aa1	AAA	-	-	-	908,000	908,000	-	0.087%	17.507%
13	Bucks County Community College	Bucks	--	Aa1	AAA	-	1,478,000	-	-	1,478,000	-	0.141%	17.648%
14	Bucks County Community College Authority	Bucks	--	Aa1	AAA	-	3,774,000	-	-	3,774,000	-	0.360%	18.008%
15	Bucks County Water and Sewer Authority	Bucks	--	--	A+	-	-	-	51,660,000	51,660,000	51,660,000	4.928%	22.936%
16	Caln Township	Chester	--	--	AA	-	-	-	12,232,000	12,232,000	-	1.167%	24.103%
17	Caln Township Municipal Authority	Chester	--	--	AA	-	-	-	2,467,000	2,467,000	-	0.235%	24.338%
18	Chadds Ford Township Sewer Authority	Delaware	--	--	--	66,000	-	-	1,674,000	1,740,000	1,674,000	0.166%	24.504%
19	Chalfont Borough	Bucks	--	A1	--	-	-	-	2,420,000	2,420,000	-	0.231%	24.735%
20	Chester City	Delaware	--	--	--	-	-	932,000	-	932,000	-	0.089%	24.824%
21	Chichester School District	Delaware	--	--	A+	-	-	6,675,000	6,285,000	12,960,000	-	1.236%	26.060%
22	Clifton Heights Borough	Delaware	--	--	--	-	-	-	3,000,000	3,000,000	3,000,000	0.286%	26.347%
23	Collegeville Borough	Montgomery	--	--	--	-	-	-	188,000	188,000	-	0.018%	26.364%
24	Concord Township	Delaware	--	Aa1	--	-	-	-	9,880,000	9,880,000	-	0.942%	27.307%
25	Delaware County	Delaware	--	Aa1	AA+	-	79,597,000	43,044,000	167,537,000	290,178,000	-	27.681%	54.988%
26	Delaware County Solid Waste Authority	Delaware	--	Aa1	AA+	-	-	5,697,000	-	5,697,000	1,032,000	0.543%	55.531%
27	Dover Area School District	York	--	A1	--	8,697,000	-	-	-	8,697,000	-	0.830%	56.361%
28	Doylestown Borough	Bucks	AA	--	--	-	-	-	6,408,000	6,408,000	-	0.611%	56.972%
29	East Bradford Township	Chester	--	--	AA	-	-	-	6,485,000	6,485,000	387,000	0.619%	57.590%
30	East Goshen Municipal Authority	Chester	AAA	Aaa	--	-	-	5,053,000	1,567,000	6,620,000	5,053,000	0.631%	58.222%
31	East Goshen Township	Chester	AAA	Aaa	--	-	387,000	-	-	387,000	-	0.037%	58.259%
32	Eddystone Borough	Delaware	--	--	--	-	-	1,627,000	249,000	1,876,000	-	0.179%	58.438%
33	Folcroft Borough, 2022 A and B Notes	Delaware	--	--	--	-	-	-	8,546,000	8,546,000	8,546,000	0.815%	59.253%
34	Folcroft Borough, 2022 A Note v	Delaware	--	--	--	-	-	-	1,457,000	1,457,000	1,457,000	0.139%	59.392%
35	Forbes Road School District	Fulton	--	--	--	-	-	-	5,029,000	5,029,000	5,029,000	0.480%	59.872%
36	Franconia Sewer Authority	Montgomery	--	--	AA-	-	-	-	11,051,000	11,051,000	-	1.054%	60.926%
37	Franconia Township	Montgomery	--	--	AA-	1,470,000	-	269,000	2,312,000	4,051,000	2,027,000	0.386%	61.312%
38	Franklin Township	Chester	--	A2	--	-	-	-	2,449,000	2,449,000	-	0.234%	61.546%
39	Gamet Valley School District	Delaware	--	--	AA	-	4,238,000	-	5,057,000	9,295,000	4,238,000	0.887%	62.433%
40	Glen Rock Sewer Authority	York	--	--	--	-	-	-	2,063,000	2,063,000	2,063,000	0.197%	62.629%
41	Glenolden Borough	Delaware	--	--	A+	55,000	27,000	-	-	82,000	-	0.008%	62.637%
42	Great Valley School District	Chester	--	Aaa	--	-	-	-	4,151,000	4,151,000	-	0.396%	63.033%
43	Hatfield Borough	Montgomery	--	--	--	-	269,000	-	5,327,000	5,596,000	3,395,000	0.534%	63.567%
44	Hatfield Township	Montgomery	AA-	--	--	231,000	628,000	734,000	1,831,000	3,424,000	-	0.327%	63.894%
45	Highland Township	Chester	--	--	--	-	397,000	-	-	397,000	-	0.038%	63.932%

(1) Certain loans are insured by Assured Guaranty Municipal Corp. ("AGM") and Build America Mutual Assurance Company ("BAM") with the Delaware Valley Regional Finance Authority as the beneficiary. AGM is rated "A2" by Moody's, "AA" by S&P, and "AA+" by Kroll. BAM is rated "AA" by S&P.

(Continued on the next page)

## EXHIBIT I: LOANS OUTSTANDING AS OF DECEMBER 31, 2022

No.	Borrower	County	Participant or Guarantor Ratings			Loans Outstanding				Total Outstanding 31-Dec-22	Insured (1) Loan Principal	Concentration	
			Kroll	Moody's	S&P	1997 Series	1998 Series	2002 Series	Master Series			Borrower	Cumulative
			---	---	---								
46	Kennett Square Borough	Chester	---	A3	---	-	-	-	8,220,000	8,220,000	8,220,000	0.784%	64.716%
47	Lancaster County	Lancaster	---	Aa2	---	-	-	16,095,000	-	16,095,000	16,095,000	1.535%	66.251%
48	Lansdowne Borough	Delaware	A+	---	---	-	221,000	-	722,000	943,000	-	0.090%	66.341%
49	London Britain Township	Chester	---	---	---	81,000	-	-	337,000	418,000	-	0.040%	66.381%
50	London Grove Township	Chester	---	---	AA	123,000	-	-	4,878,000	5,001,000	-	0.477%	66.858%
51	London Grove Township Municipal Authority	Chester	---	---	AA	-	-	1,491,000	3,548,000	5,039,000	-	0.481%	67.339%
52	Lower Oxford Township	Chester	---	---	---	312,000	-	-	644,000	956,000	-	0.091%	67.430%
53	Lower Perkiomen Valley Regional Sewer Authority	Montgomery	---	---	AA-	-	8,412,000	-	34,989,000	43,401,000	-	4.140%	71.570%
54	Lower Pottsgrove Township Authority	Montgomery	---	---	AA	-	-	5,222,000	-	5,222,000	-	0.498%	72.068%
55	Lower Providence Township	Montgomery	---	Aa2	---	-	-	220,000	729,000	949,000	610,000	0.091%	72.159%
56	Lower Providence Township Sewer Authority	Montgomery	---	Aa2	---	-	-	-	9,998,000	9,998,000	-	0.954%	73.112%
57	Lower Salford Township	Montgomery	---	Aa2	---	-	1,392,000	-	-	1,392,000	-	0.133%	73.245%
58	Malvern Borough	Chester	---	---	---	-	-	-	32,000	32,000	-	0.003%	73.248%
59	Marcus Hook Borough	Delaware	---	---	---	-	552,000	-	1,069,000	1,621,000	-	0.155%	73.403%
60	Marple Township	Delaware	---	---	AA	-	-	-	18,606,000	18,606,000	-	1.775%	75.178%
61	Montgomery County	Montgomery	---	Aaa	---	-	-	-	219,100	219,100	-	0.021%	75.199%
62	Montgomery Township	Montgomery	---	---	AAA	-	-	-	22,156,000	22,156,000	-	2.114%	77.312%
63	Morton Borough	Delaware	---	---	---	83,000	-	-	-	83,000	-	0.008%	77.320%
64	Nether Providence Township	Delaware	---	---	---	-	-	675,000	1,577,000	2,252,000	1,105,000	0.215%	77.535%
65	New Britain Township	Bucks	---	---	---	117,000	-	-	-	117,000	-	0.011%	77.546%
66	Newtown Township	Delaware	---	Aaa	---	-	-	-	12,078,000	12,078,000	-	1.152%	78.698%
67	Norristown Municipality	Montgomery	---	---	A+	-	-	-	708,000	708,000	-	0.068%	78.766%
68	North Coventry Township	Chester	---	---	AA	-	-	-	1,051,000	1,051,000	-	0.100%	78.866%
69	North Coventry Water Authority	Chester	---	---	AA	-	-	-	258,000	258,000	258,000	0.025%	78.890%
70	North Wales Borough	Montgomery	---	---	---	-	-	-	1,819,000	1,819,000	-	0.174%	79.064%
71	Northeastern York County Sewer Authority	York	---	---	---	-	-	403,000	8,034,000	8,437,000	3,241,000	0.805%	79.869%
72	Northeastern York School District	York	---	---	A+	-	-	-	1,399,000	1,399,000	-	0.133%	80.002%
73	Norwood Borough	Delaware	---	---	---	-	-	-	220,000	220,000	-	0.021%	80.023%
74	Ontelaunee Township	Berks	---	---	AA-	-	-	-	978,000	978,000	978,000	0.093%	80.117%
75	Parquesburg Borough	Chester	---	---	---	-	-	-	2,812,000	2,812,000	2,812,000	0.268%	80.385%
76	Pennndel Borough	Bucks	---	---	---	-	-	-	1,059,000	1,059,000	-	0.101%	80.486%
77	Pennsbury Township	Chester	AA	---	---	-	-	-	2,650,000	2,650,000	-	0.253%	80.739%
78	Perkasie Borough	Bucks	---	---	---	527,000	164,000	-	1,386,000	2,077,000	-	0.198%	80.937%
79	Pocopson Township	Chester	---	Aa2	---	-	-	924,000	468,000	1,392,000	468,000	0.133%	81.069%
80	Prospect Park Borough	Delaware	---	---	---	-	-	-	1,282,000	1,282,000	-	0.122%	81.192%
81	Quakertown Community School District	Bucks	---	Aa3	---	402,000	-	-	-	402,000	-	0.038%	81.230%
82	Red Lion Area School District	York	---	Aa3	AA-	-	-	-	10,243,000	10,243,000	-	0.977%	82.207%
83	Ridley School District	Delaware	---	---	A-	-	-	-	5,176,000	5,176,000	-	0.494%	82.701%
84	Ridley Township	Delaware	---	---	AA-	500,000	-	-	11,393,000	11,893,000	-	1.134%	83.835%
85	Rockledge Borough	Montgomery	---	---	---	130,000	-	-	-	130,000	-	0.012%	83.848%
86	Rose Tree Media School District	Delaware	---	---	AA	-	-	-	7,550,000	7,550,000	-	0.720%	84.568%
87	Rutledge Borough	Delaware	---	---	---	-	-	-	152,000	152,000	-	0.014%	84.583%
88	Solebury Township	Bucks	---	Aa1	---	-	1,790,000	-	-	1,790,000	-	0.171%	84.753%
89	South Coventry Township	Chester	---	---	---	288,000	-	-	-	288,000	-	0.027%	84.781%
90	Southern Delaware County Authority	Delaware	---	---	---	215,000	-	-	-	215,000	-	0.021%	84.801%

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(Continued on the next page)

## EXHIBIT I: LOANS OUTSTANDING AS OF DECEMBER 31, 2022

No.	Borrower	County	Participant or Guarantor Ratings			Loans Outstanding				Total Outstanding 31-Dec-22	Insured (1) Loan Principal	Concentration	
			Kroll	Moody's	S&P	1997 Series	1998 Series	2002 Series	Master Series			Borrower	Cumulative
91	Spring Grove Borough	York	--	--	A	-	-	-	52,000	52,000	-	0.005%	84.806%
92	Springfield Township	Delaware	--	--	--	-	559,000	-	-	559,000	-	0.053%	84.860%
93	Springfield Township, York County, Sewer Authority	York	--	--	--	-	-	2,867,000	-	2,867,000	2,867,000	0.273%	85.133%
94	Stroudsburg Area School District	Monroe	--	Aa3	A+	-	5,986,000	-	12,789,000	18,775,000	5,986,000	1.791%	86.924%
95	Swarthmore Borough	Delaware	--	--	--	-	220,000	-	473,000	693,000	220,000	0.066%	86.990%
96	Tinicum Township (Bucks)	Bucks	A+	--	--	-	-	-	5,574,000	5,574,000	-	0.532%	87.522%
97	Tinicum Township (Delaware)	Delaware	--	Aa3	--	-	405,000	-	8,767,000	9,172,000	688,000	0.875%	88.397%
98	Towamencin Municipal Authority	Montgomery	--	--	AA	-	-	-	6,718,000	6,718,000	-	0.641%	89.038%
99	Towamencin Township	Montgomery	--	--	AA	-	-	-	8,555,000	8,555,000	2,370,000	0.816%	89.854%
100	Towamencin Township Infrastructure Authority	Montgomery	--	--	AA	-	-	-	4,077,000	4,077,000	-	0.389%	90.243%
101	Upland Borough	Delaware	A-	--	--	-	-	-	555,000	555,000	-	0.053%	90.296%
102	Upper Dublin Township	Montgomery	--	Aa1	--	-	3,601,000	-	25,215,000	28,816,000	-	2.749%	93.044%
103	Upper Dublin Township Municipal Authority	Montgomery	--	Aa1	--	-	-	-	5,290,000	5,290,000	-	0.505%	93.549%
104	Upper Providence Township (Delaware)	Delaware	--	--	AA-	-	-	-	641,000	641,000	-	0.061%	93.610%
105	Upper Providence Township Sewer Authority	Delaware	--	--	AA-	-	1,322,000	-	8,280,000	9,602,000	-	0.916%	94.526%
106	Upper Salford Township	Montgomery	--	--	--	-	-	-	510,000	510,000	-	0.049%	94.575%
107	Upper Southampton Municipal Authority	Bucks	AA	--	--	278,000	104,000	4,480,000	7,029,000	11,891,000	-	1.134%	95.709%
108	Upper Southampton Township	Bucks	AA	--	--	-	583,000	26,000	1,303,000	1,912,000	102,000	0.182%	95.891%
109	Uwchlan Township	Chester	--	Aa1	--	395,000	-	-	-	395,000	-	0.038%	95.929%
110	Wallingford-Swarthmore School District	Delaware	--	--	AA-	-	-	-	16,363,000	16,363,000	-	1.561%	97.490%
111	Warminster Township	Bucks	--	--	A	-	-	-	13,815,000	13,815,000	-	1.318%	98.808%
112	West Fallowfield Township	Chester	--	--	--	-	277,000	-	-	277,000	-	0.026%	98.834%
113	West Goshen Township	Chester	AA+	--	AA+	-	-	-	3,121,000	3,121,000	-	0.298%	99.132%
114	West Pottsgrove Township	Montgomery	--	--	--	-	-	-	1,345,000	1,345,000	1,345,000	0.128%	99.260%
115	West Sadsbury Township	Chester	--	--	--	-	354,000	-	-	354,000	-	0.034%	99.294%
116	West Vincent Township	Chester	--	Aa3	--	-	-	-	4,069,000	4,069,000	-	0.388%	99.682%
117	Whitpain Township	Montgomery	--	Aaa	--	-	1,804,000	-	-	1,804,000	-	0.172%	99.854%
118	Yeadon Borough	Delaware	--	--	--	-	-	852,000	675,000	1,527,000	-	0.146%	100.000%
Total Loans Outstanding							<u>\$ 14,282,000</u>	<u>\$ 182,566,000</u>	<u>\$ 114,714,000</u>	<u>\$ 736,745,800</u>	<u>\$ 1,048,307,800</u>	<u>\$ 149,727,000</u>	100.000%

(1) Certain loans are insured by Assured Guaranty Municipal Corp. ("AGM") and Build America Mutual Assurance Company ("BAM") with the Delaware Valley Regional Finance Authority as the beneficiary. AGM is rated "A2" by Moody's, "AA" by S&P, and "AA+" by Kroll. BAM is rated "AA" by S&P.

Source: Calhoun Baker Inc.

**APPENDIX II: FINANCIAL STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2021**

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**DELAWARE VALLEY REGIONAL  
FINANCE AUTHORITY**

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FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2021  
&  
INDEPENDENT AUDITORS' REPORT  
&  
ADDITIONAL INFORMATION

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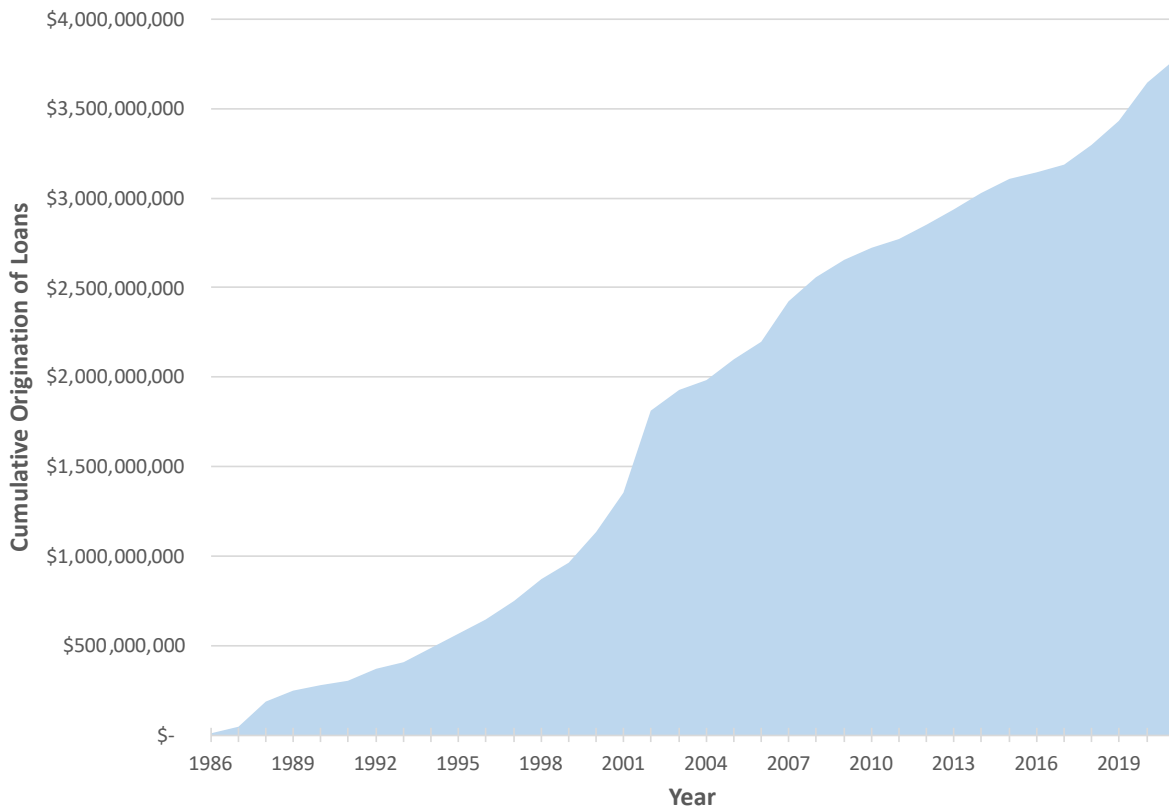


## DELAWARE VALLEY REGIONAL FINANCE AUTHORITY MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

### INTRODUCTION

Bucks, Chester, Delaware, and Montgomery Counties, Pennsylvania (the “Counties”) formed the Delaware Valley Regional Finance Authority (“DelVal”) under the provisions of the Pennsylvania *Municipality Authorities Act* (the “*Authorities Act*”) on December 23, 1985. The Counties created DelVal to provide loans for capital projects (the “Loan Program”) to Pennsylvania townships, boroughs, cities, school districts, and counties (each a “Local Government Unit”) and authorities (each an “Authority”) created under Pennsylvania statute by or on behalf of any one or more Local Government Units. DelVal has originated 600 loans (each a “Loan”) with an aggregate principal amount of \$3.77 billion to 209 different Local Government Units and Authorities (each a “Participant”) in 16 counties in Pennsylvania since its creation in 1985. DelVal has never experienced a default on a Loan repayment.

**Cumulative Loans Originated since 1985**



*Source: Calhoun Baker Inc.*

Each Loan to a Local Government Unit is secured by the pledge of its full faith, credit, and taxing power. DelVal may also require a Loan to a Local Government Unit to be additionally secured by a financial

guaranty policy (each a “Participant Credit Enhancement”) issued by an insurer (each a “Participant Credit Enhancer”) with a rating of “Aa3” or higher from Moody’s Investors Service (“Moody’s”) or “AA-” or higher from S&P Global Ratings (“S&P”). DelVal amended and restated the Master Indenture as of December 14, 2020, to, among other things, permit a Loan to any Authority meeting at least one of the following conditions: (i) rated “Aa3” or higher by Moody’s or “AA-” or higher by S&P, (ii) secured by a guaranty (each a “Guaranty”) with the pledge of the full faith, credit, and taxing power of a Local Government Unit (each a “Guarantor”), or (iii) secured by a Participant Credit Enhancement. Prior to the amendment, an Authority could only participate in the Loan Program if it were secured by a Guaranty. The Master Indenture requires the Loan Agreement for any Loan to an Authority not secured by a Guaranty or Participant Credit Enhancement to include a covenant by the Authority to secure a Guaranty or Participant Credit Enhancement if its rating is reduced below “Aa3” by Moody’s or “AA-” by S&P. In the Master Indenture, DelVal has covenanted to restrict Loans to Authorities that are not secured by a Guaranty, to an aggregate principal amount not in excess of 20% of the total funding for Loan origination under the Master Indenture (the “Available Funding”) at the time the Loan is originated. Currently, all Loans to Authorities are secured by a pledge of revenues, a Guaranty, and, in some instances, additionally secured by a Participant Credit Enhancement.

The governing body of DelVal consists of a Board of Directors (the “Board”) of five members appointed by the Counties. Each year, one of the Counties appoints a member to a five-year term. The Board meets monthly.

**Members of the Board of Directors**

<u>Member</u>	<u>Office</u>	<u>Appointed by:</u>	<u>Term Expires</u>
John P. McBlain, Esq.	Chairman	Delaware County	2023
Joseph E. Brion, Esq.	Vice Chairman	Chester County	2024
James H. Shacklett, III	Secretary	Montgomery County	2025
Robert J. Harvie	Treasurer	Bucks County	2026
David E. Landau, Esq.	Secretary/Treasurer	Delaware County	2027

*Source: Calhoun Baker Inc.*

The Board oversees the operations of DelVal and appoints the Administrator, the Solicitor, the Bond Counsel, and the trustees (collectively, the “Trustees”) of the DelVal bond issues to conduct the Loan Program. The Administrator, Calhoun Baker Inc., is responsible for the credit review and approval of Loan applications, the investment of DelVal’s funds, the calculation of the Loan rates, the management of debt issuance, and the execution of interest rate swap transactions. The Solicitor, Carmen P. Belefonte, Esq., directs DelVal’s legal affairs. Bond Counsel (principally, Eckert Seamans Cherin & Mellott, LLC) renders opinions related to the issuance of bonds, the execution of interest rate swap agreements, and the closings of Loans. Computershare Corporate Trust, a Trustee, invoices and collect the Loan repayments, principally through Automated Clearing House (“ACH”) debits of the Participants’ demand deposit accounts. TD Bank, N.A., a Trustee, holds all of the funds of DelVal and makes all disbursements. Each disbursement must be authorized by the Board.

Loans from DelVal are limited to funding capital projects permitted under the Pennsylvania *Local Government Unit Debt Act* (the “*Debt Act*”). DelVal’s charter prohibits any Loan that would constitute a “Tax and Revenue Anticipation Note” under the *Debt Act* and any Loan to health or higher education institutions. The Board of DelVal and the Administrator must approve any new Loan. Generally, DelVal requires any Local Government Unit or Authority with a Guarantor that does not have a published rating, applying for a Loan of \$1 million or more, to secure a published rating of the Loan. If the Participant does not receive a rating of “A-”, “A3”, or higher, or if insurance is a condition for approval by the Administrator, DelVal will require the Participant to secure a Participant Credit Enhancement.

The primary objectives of the Loan Program are to:

- 1) Provide funding with a lower all-in true interest cost (taking into consideration costs of issuance, interest costs, and annual administrative costs) than the Participants could achieve on their own,
- 2) Offer variable rate and fixed rate funding options, and
- 3) Improve the ability and flexibility of Participants to manage their debt.

DelVal accomplishes these objectives by realizing economies of scale, utilizing a revolving loan pool structure, and entering into interest rate swap transactions.

DelVal generally issues bonds or notes (collectively, the “DelVal Series”) in an aggregate principal amount sufficient to fund at least 20 Loans. By issuing in large principal amounts, DelVal realizes lower costs of issuance than would have been realized if each of the Participants issued a separate bond issue. When Loans are repaid, the repayments are used to originate new Loans. DelVal uses this revolving loan structure to further reduce the allocation of the costs of issuance. The DelVal Series outstanding as of December 31, 2021, are listed below:

- 1) \$28,000,000 Local Government Revenue Bonds, 1997 Series B and C (the “1997 Series”),
- 2) \$250,000,000 Local Government Revenue Bonds, 1998 Series A (the “1998 Series”),
- 3) \$125,000,000 Local Government Revenue Bonds, 2002 Series C (the “2002 Series”),
- 4) \$160,000,000 Local Government Revenue Bonds, 2007 Series A, B and C (the “2007 Series”),
- 5) \$215,000,000 Local Government Revenue Bonds, 2018 Series A, B, C, D, and E (the “2018 Series”),
- 6) \$100,000,000 Local Government Revenue Bonds, 2020 Series A (the “2020 A Series”),
- 7) \$175,000,000 Local Government Revenue Bonds, 2020 Series B, C, and D (the “2020 BCD Series”),
- 8) \$45,000,000 Local Government Revenue Bonds, 2021 Series A (the “2021 A Series”), and

On February 10, 2022, a subsequent event, DelVal issued the \$155,000,000 Local Government Revenue Bonds, 2022 Series A, B, and C (the “2022 Series”) and optionally redeemed \$50,000,000 of the 2007 C Series and the \$50,000,000 2018 B Series.

The 1997 Series, 1998 Series, and 2002 Series (collectively, the “Indenture Series”) were issued under separate indentures with separate trust estates. DelVal executed the Covenant Agreement in 2001 to enhance the security of the bondholders by pledging to transfer any excess funds held under any DelVal Series to cure any deficiency under any other DelVal Series. The indentures of all DelVal Series incorporate the Covenant Agreement.

All DelVal Series issued since 2007 and that will be issued in the future (collectively, the “Master Series”) were or will be issued under the Master Trust Indenture and supplemental indentures. The Master Series are and will be secured with all other Master Series equally and ratably by all of the assets under the trust estate of the Master Indenture to the extent provided therein.

DelVal has entered into master interest rate swap agreements (collectively, the “Swap Agreement”) with six different counterparties (each a “Counterparty”):

- 1) Bank of America, N.A.,
- 2) Barclays Bank PLC,
- 3) Citibank, N.A.,
- 4) PNC Bank, National Association,

- 5) Toronto-Dominion Bank, and
- 6) Royal Bank of Canada.

DeIVal has executed interest rate swap transactions related to the DeIVal Series (each a “Bond Swap”) to hedge its exposure to changes in long-term interest rates and its exposure to basis risk. Under these transactions, DeIVal’s net debt service and swap payment is equal to the Securities Industry and Financial Markets Association (“SIFMA”) Municipal Swap Index (the “SIFMA Index”) plus a spread. DeIVal also executes offsetting interest rate swap transactions to provide fixed rate Loans (each a “Loan Swap”) when requested by Participants. Under these transactions, DeIVal receives the SIFMA Index and pays a fixed interest rate.

The DeIVal Loan rates are set by the Administrator each month at levels sufficient to fund:

- 1) Debt service payments on the DeIVal Series,
- 2) Net payments due under the Swap Agreement, and
- 3) Administrative costs and liquidity requirements necessary for the operation of the Loan Program.

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**LOAN PORTFOLIO**

During the year ended December 31, 2021, DelVal originated 22 Loans with an aggregate principal amount of approximately \$126 million. Demand was high due to the precipitous decline of interest rates after the COVID-19 outbreak and the relative advantages of DelVal Loans compared to bank loans and bond issues. Loan repayments and proceeds from the 2020 A Series, 2020 BCD Series, and 2021 A Series provided the necessary funding.

**Loans Originated in the Year Ended December 31, 2021**

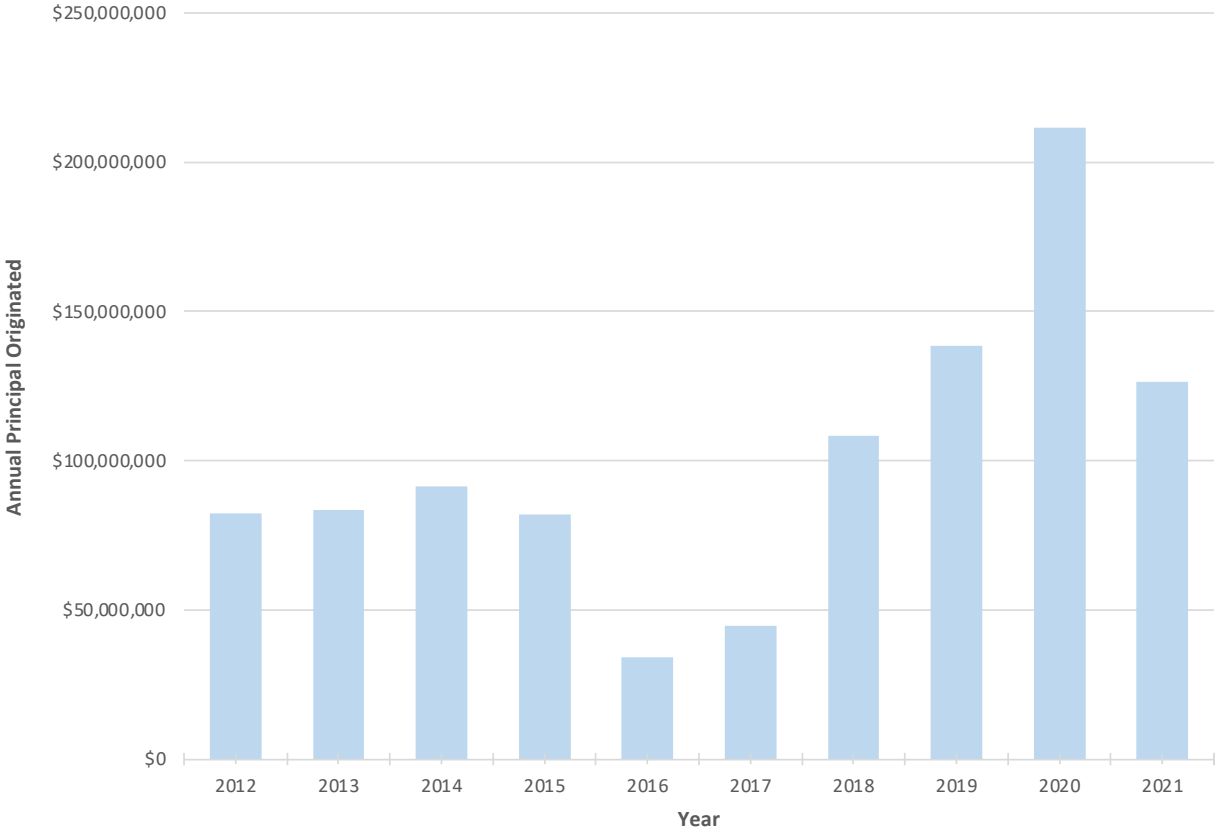
<u>No.</u>	<u>Loans Closed</u>	<u>County</u>	<u>Insurer</u>	<u>Underlying Rating</u>			<u>Amount</u>	<u>Closing</u>
				<u>Kroll</u>	<u>Moody's</u>	<u>S&amp;P</u>		
1	Upper Southampton Municipal Authority	Bucks	--	AA	--	--	\$ 5,000,000	25-Jan-21
2	Warminster Township	Bucks	--	--	--	A	14,960,000	12-Feb-21
3	Towmencin Township	Montgomery	--	--	--	AA	300,000	17-Feb-21
4	Chichester School District	Delaware	--	--	--	AA-	8,033,000	25-Feb-21
5	Towamencin Township	Montgomery	--	--	--	AA	2,000,000	1-Mar-21
6	Chadds Ford Township Sewer Authority	Delaware	BAM	--	--	--	1,750,000	8-Mar-21
7	Hatfield Borough	Montgomery	--	--	--	--	1,955,000	25-Mar-21
8	West Vincent Township	Chester	--	--	Aa3	--	500,000	25-Mar-21
9	Garnet Valley School District	Delaware	--	--	--	AA	1,250,000	26-Jul-21
10	Rose Tree Media School Distri	Delaware	--	--	--	AA	7,725,000	2-Aug-21
11	Delaware County	Delaware	--	--	Aa1	AA	837,000	20-Aug-21
12	Bristol Township	Bucks	--	--	Aa3	--	11,700,000	25-Aug-21
13	Bristol Borough School District	Bucks	BAM	--	--	A-	9,239,000	1-Sep-21
14	Tinicum Township	Delaware	--	--	Aa3	--	8,130,000	1-Sep-21
15	Chichester School District	Delaware	--	--	--	AA-	8,005,000	15-Sep-21
16	Bethel Township	Delaware	--	A+	--	--	554,000	27-Sep-21
17	Montgomery Township	Montgomery	--	--	--	AAA	15,000,000	27-Sep-21
18	Montgomery Township	Montgomery	--	--	--	AAA	7,847,000	1-Dec-21
19	Newtown Township	Delaware	--	--	Aa1	--	8,751,000	1-Dec-21
20	West Vincent Township	Chester	--	--	Aa3	--	4,256,000	1-Dec-21
21	Chalfont Borough	Bucks	--	--	A1	--	975,000	15-Dec-21
22	Bristol Township	Bucks	--	--	Aa3	--	7,500,000	20-Dec-21
<b>Total</b>							<b><u>\$ 126,267,000</u></b>	

Source: Calhoun Baker Inc

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Loan origination was restricted in 2016 and 2017 due to large maturities of the DeIVal Series in 2017 and 2018. Origination increased after the issuance of the 2018 Series, 2020 A Series, 2020 BCD Series, and 2021 A Series. Fiscal year 2020 was the most active period for origination in the past decade.

**Annual Loan Principal Originated**

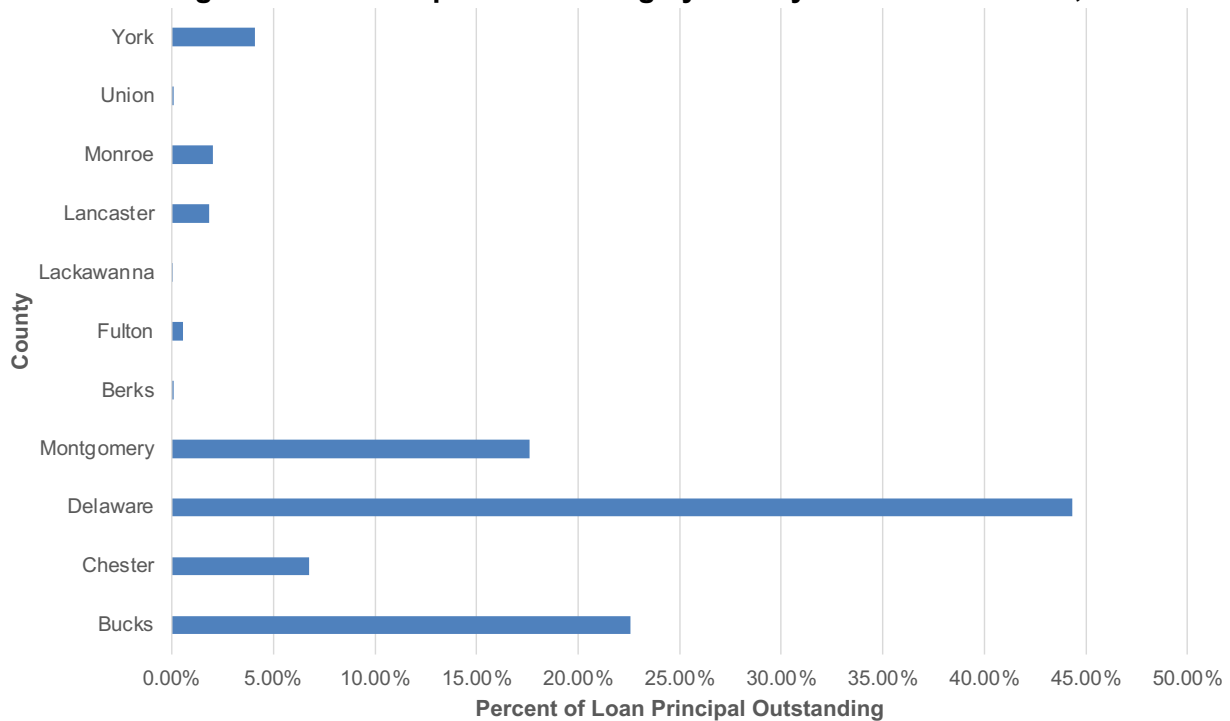


Source: Calhoun Baker Inc.

DeIVal has been most active lending within the Counties. The Counties encompass an area of approximately 2,060 square miles and a population of more than 2.5 million people. More than 420 Local Government Units and Authorities are located within the Counties. DeIVal, as a matter of policy of the Board, limited its lending activities to Participants located within the Counties until 2002. Then, in order to provide geographic diversification to its portfolio, DeIVal began lending outside the Counties, principally in the eastern half of the Commonwealth. As of December 31, 2021, 254 Loans, in the aggregate principal amount of approximately \$1 billion, were outstanding to 122 Participants located in eleven different counties. Approximately, 91% of the outstanding Loan principal has been originated to Participants located within the Counties.

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**Percentage of Loan Principal Outstanding by County as of December 31, 2021**



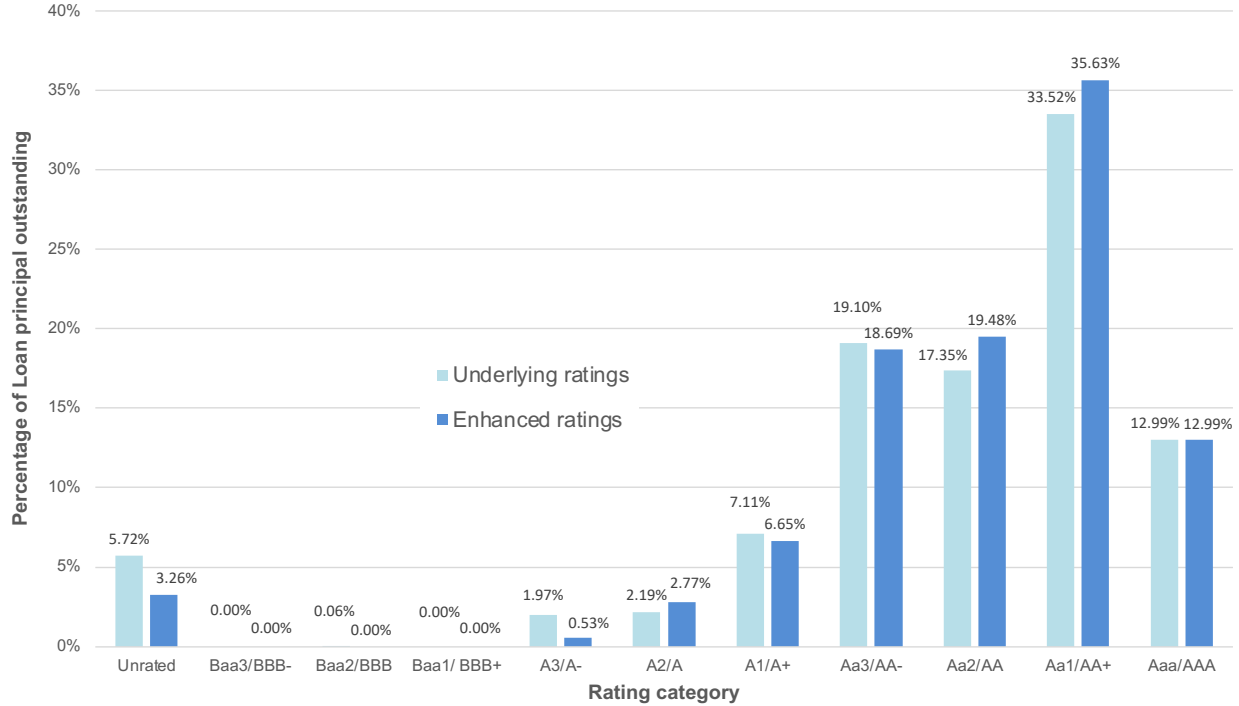
Source: Calhoun Baker Inc.

Currently, approximately 5.72% of the principal of the Loans outstanding has been originated to Participants that have no published underlying ratings, 0.06% to those with published underlying ratings below “A3” or “A-”, and 82.96% to those with published underlying ratings of “Aa3”, “AA-”, or higher. The weighted average underlying rating is “Aa2/AA”.

DelVal is the beneficiary of Participant Credit Enhancements issued by Assured Guaranty Municipal Corp. (“AGM”), Municipal Assurance Corp. (“MAC”), and Build America Mutual Company (“BAM”) that secure loans equal to 9.94% of the Loan principal currently outstanding. AGM is rated “A2” with a stable outlook by Moody’s, “AA” with a stable outlook by S&P, and “AA+” with a stable outlook by Kroll Bond Rating Agency (“Kroll”). MAC is rated “AA+” by Kroll and “AA” by S&P. BAM is rated “AA” by S&P. Taking into consideration the financial guaranty policies, 3.26% of the Loan principal outstanding was uninsured and unrated or rated below “A3/A-”, and 86.79% of the Loan principal was rated “Aa3/AA-” or higher.

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## Underlying and Enhanced Ratings of Loan Principal Outstanding as of December 31, 2021



Source: Calhoun Baker Inc.

Below is a schedule of the ten Participants with the highest concentration levels of Loans. Delaware County accounts for 27.031% of the Loan principal outstanding, and the ten highest account for 57.494% of the Loan principal outstanding. A complete listing of the Loans outstanding is attached as “EXHIBIT I: LOANS OUTSTANDING AS OF DECEMBER 31, 2021”.

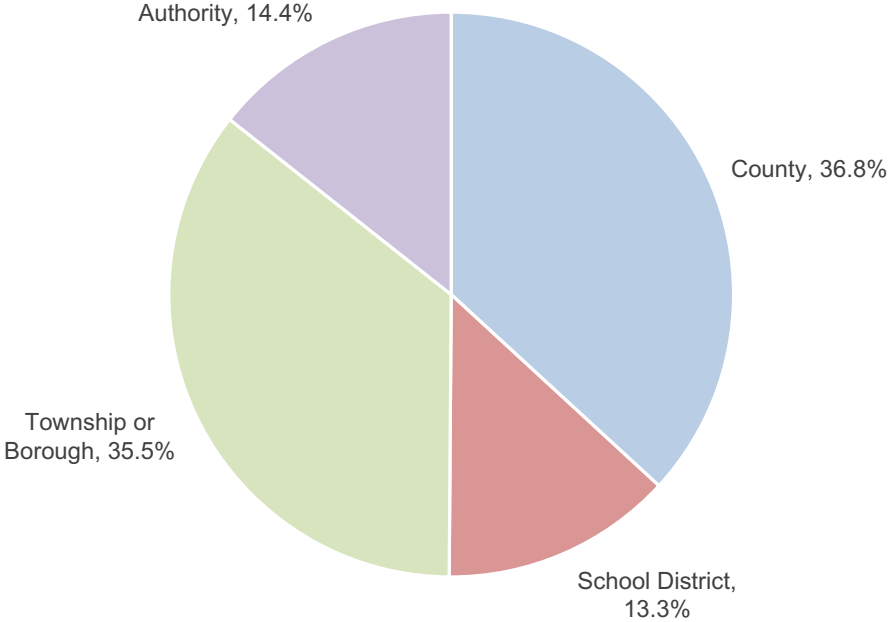
### Ten Participants with the Highest Concentration of Loans as of December 31, 2021

<u>No.</u>	<u>Borrower</u>	<u>Participant or Guarantor Ratings</u>		<u>Total Outstanding 31-Dec-21</u>	<u>Concentration</u>	
		<u>Moody's</u>	<u>S&amp;P</u>		<u>Borrower</u>	<u>Cumulative</u>
1	Delaware County	Aa1	AA+	\$ 274,676,000	27.031%	27.031%
2	Bucks County	Aaa	AAA	72,468,200	7.132%	34.162%
3	Bristol Township	Aa3	---	63,882,000	6.287%	40.449%
4	Lower Perkiomen Valley Regional Sewer Authority	---	AA-	45,687,000	4.496%	44.945%
5	Upper Dublin Township	Aa1	---	23,804,000	2.343%	47.287%
6	Montgomery Township	---	AAA	22,847,000	2.248%	49.536%
7	Bensalem Township	Aa1	---	20,656,000	2.033%	51.568%
8	Stroudsburg Area School District	A1	A+	20,448,000	2.012%	53.581%
9	Wallingford-Swarthmore School District	---	AA	20,116,000	1.980%	55.560%
10	Marple Township	---	AA	19,654,000	1.934%	57.494%

Source: Calhoun Baker Inc.

The DelVal Loans outstanding are diversified by type of legal entity. All of the Loans to Authorities that are currently outstanding are secured by Guaranties. A chart with the percentage of Loan principal outstanding by type of Participant is shown below.

**Percentage of Loan Principal Outstanding  
by Type of Participant  
as of December 31, 2021**



Source: Calhoun Baker Inc.

Loans to school districts benefit from the provisions of the *Public School Code* and the *Debt Act* that authorize an “intercept” of state funding. If any school district fails to make its required debt service payments on the Loans on the date such payments are due under a Loan Agreement, the Secretary of Education of the Commonwealth is required to withhold, from any subsidy payment of any type due to the school district by the Commonwealth, an amount equal to the debt service payments owed. The withholding provisions are not part of any contract with DelVal, and future legislation may amend or repeal the provisions of the *Public School Code* or the *Debt Act*. Enforcement may also be limited by bankruptcy, insolvency, or other laws of equitable principles affecting the enforcement of creditors’ rights generally.

DelVal operates the Loan Program of the outstanding DelVal Series as one program. Funding for Loans is often split among two or more DelVal Series. Periodically, DelVal assigns Loans from one DelVal Series to another to facilitate the origination of new Loans and to provide for the payment of principal on the DelVal Series. Loans are amortized over a period that approximates the useful life of the projects funded from the Loans. The amortization period cannot exceed the maturity of the related DelVal Series used to fund the Loan. A schedule of the projected annual amortization of the Loans outstanding is set forth below.

**Loan Amortization Schedule as of December 31, 2021**

<u>Year</u>	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
2022	\$ 4,938,000	\$ 40,439,000	\$ 9,439,000	\$ 45,187,200	\$ 100,003,200
2023	6,771,000	36,652,000	8,715,000	51,284,500	103,422,500
2024	4,115,000	38,331,000	9,032,000	44,015,700	95,493,700
2025	4,058,000	38,304,000	9,193,000	43,592,900	95,147,900
2026	880,000	23,646,000	13,154,000	44,438,100	82,118,100
2027	663,000	23,377,000	14,118,000	42,310,300	80,468,300
2028	-	19,681,000	14,805,000	36,399,600	70,885,600
2029	-	-	18,695,000	31,962,700	50,657,700
2030	-	-	18,591,000	32,819,000	51,410,000
2031	-	-	9,591,000	32,408,000	41,999,000
2032	-	-	4,376,000	34,149,000	38,525,000
2033	-	-	-	31,993,000	31,993,000
2034	-	-	-	29,010,000	29,010,000
2035	-	-	-	29,075,000	29,075,000
2036	-	-	-	24,762,000	24,762,000
2037	-	-	-	23,358,000	23,358,000
2038	-	-	-	21,771,000	21,771,000
2039	-	-	-	15,533,000	15,533,000
2040	-	-	-	11,110,000	11,110,000
2041	-	-	-	6,638,000	6,638,000
2042	-	-	-	2,411,000	2,411,000
2043	-	-	-	1,966,000	1,966,000
2044	-	-	-	1,249,000	1,249,000
2045	-	-	-	1,272,000	1,272,000
2046	-	-	-	1,019,000	1,019,000
2047	-	-	-	1,035,000	1,035,000
2048	-	-	-	1,051,000	1,051,000
2049	-	-	-	1,066,000	1,066,000
2050	-	-	-	1,084,000	1,084,000
2051	-	-	-	634,000	634,000
Total	<u>\$21,425,000</u>	<u>\$220,430,000</u>	<u>\$129,709,000</u>	<u>\$644,604,000</u>	<u>\$ 1,016,168,000</u>

Weighted Average Maturity (years):	2.00	3.00	5.72	8.01	6.69
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Source: Calhoun Baker Inc.

A schedule of the total funding of the Loan Program and the available funding for Loans is shown in the schedule below.

**Funds Available to Originate Loans as of December 31, 2021**

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
DeIVal Series at par	\$28,000,000	\$250,000,000	\$125,000,000	\$695,000,000	\$ 1,098,000,000
Overcollateralization	-	-	28,159,000	9,880,250	38,039,250
Debt Service Reserve Funds	<u>(2,800,000)</u>	<u>(25,000,000)</u>	<u>(12,500,000)</u>	<u>(36,085,000)</u>	<u>(76,385,000)</u>
Total funding for Loans	25,200,000	225,000,000	140,659,000	668,795,250	1,059,654,250
Loans outstanding	<u>(21,425,000)</u>	<u>(220,430,000)</u>	<u>(129,709,000)</u>	<u>(644,604,000)</u>	<u>(1,016,168,000)</u>
Funds available for Loans	<u>\$ 3,775,000</u>	<u>\$ 4,570,000</u>	<u>\$ 10,950,000</u>	<u>\$ 24,191,250</u>	<u>\$ 43,486,250</u>

Source: Calhoun Baker Inc.

DelVal has been active originating new Loans at the historically low interest rates. A listing of the applications received and Loans in process is shown below.

### Applications Received and Loans in Process as of December 31, 2021

No.	Loans in Process	County	Underlying Rating			Amount*	Scheduled Closing*
			Kroll	Moody's	S&P		
1	Concord Township	Delaware	--	Aa1	--	\$ 7,302,000	7-Jan-22
2	Upper Dublin Township	Montgomery	--	Aa1	--	5,416,000	1-Mar-22
3	Upper Providence Township Sewer Authority	Delaware	--	--	AA-	1,200,000	1-Mar-22
4	Parkeburg Borough**	Chester	--	--	--	1,200,000	--
5	Delaware County Solid Waste Authority**	Delaware	--	Aa1	AA+	20,000,000	--
6	Upper Dublin Township	Montgomery	--	Aa1	--	1,250,000	2-May-22
	Total					<u>\$ 36,368,000</u>	

\*Preliminary, subject to change.

\*\* Application received.

Source: Calhoun Baker Inc.

DelVal expects the financial assistance to Local Government Units from the \$2.2 trillion *Coronavirus Aid, Relief and Economic Security Act* (“CARES”) and the \$1.9 trillion *American Rescue Plan Act* (“ARPA”) will reduce their demand for Loans. Even though the uses of the grants are restricted, capital expenditures are eligible, and the grants will free funding of expenditures that normally would have been paid from tax receipts or borrowings.

### AMBAC CONSENTS FOR THE 1997 SERIES AND 1998 SERIES LOANS

The 1997 Series and 1998 Series are both insured by Ambac Assurance Corporation (“Ambac”). Ambac is currently in runoff operations. Under the terms of the 1997 Series and 1998 Series indentures and the respective bond insurance policies, Ambac, in its sole discretion, must consent to the use of any proceeds from the 1997 Series and the 1998 Series to originate or acquire Loans. Consents of a third party are not required to originate or acquire Loans from proceeds of any other DelVal Series.

As of December 31, 2021, approximately \$99 million principal amount of Loans held under other DelVal Series have maturity dates before the July 1, 2027, maturity of the 1997 Series, and an additional \$50 million principal amount of Loans held under other DelVal Series have maturity dates before the August 1, 2028, maturity of the 1998 Series. Many of these are Loans in small principal amounts or Loans to Participants that are unrated or rated below “Aa3/AA-.”

Under the current Loan amortization schedules of the 1997 Series and 1998 Series, the origination or acquisition of approximately \$45 million of Loans will be necessary to utilize the scheduled Loan repayments that are expected to be received in 2022. An additional \$43 million of Loans will need to be originated or acquired in 2023 and an additional \$42 million in 2024. Ambac has approved a \$10 million Loan that will be acquired in 2022, and on January 11, 2022, DelVal requested Ambac’s consent to acquire another \$12 million Loan. DelVal expects to request Ambac’s consent to acquire an additional \$20-25 million of Loans in 2022.

DELVAL CAN GIVE NO ASSURANCE THAT A SUFFICIENT AMOUNT OF LOANS WILL BE ORIGINATED OR BE AVAILABLE FOR ACQUISITION FROM OTHER DELVAL SERIES TO UTILIZE THE FUNDS THAT HAVE ACCUMULATED OR WILL ACCUMULATE IN THE RECYCLING ACCOUNTS OF THE 1997 SERIES AND 1998 SERIES. DELVAL CAN GIVE NO

ASSURANCE THAT AMBAC WILL CONSENT TO DELVAL'S REQUESTS FOR THE ORIGINATION OR ACQUISITION OF LOANS FROM THE 1997 SERIES OR 1998 SERIES.

THE 1997 SERIES INDENTURE AND THE 1998 SERIES INDENTURE PROVIDE THAT, UNDER CERTAIN CIRCUMSTANCES, IF FUNDS IN THE RECYCLING ACCOUNTS OF THE 1997 SERIES OR 1998 SERIES CANNOT BE USED TO ORIGINATE OR ACQUIRE LOANS, THE FUNDS THAT CANNOT BE UTILIZED WILL BE SUBJECT TO AN EXTRAORDINARY MANDATORY REDEMPTION. In the event of an Extraordinary Mandatory Redemption, DelVal expects to redeem first the \$18 million 1997 Series B, then the \$10 million 1997 Series C, and lastly the \$250 million 1998 Series A. CURRENTLY, THE EXTRAORDINARY MANDATORY REDEMPTION PRICES OF THE 1997 SERIES AND 1998 SERIES ARE SIGNIFICANTLY LOWER THAN THE FAIR MARKET VALUE OF THE BONDS. For more information on Extraordinary Mandatory Redemption, please see the official statements of the 1997 Series and 1998 Series. Such official statements are not incorporated herein by reference.

The foregoing discussion is subject to change, and DelVal can give no assurance as to whether or not it will become necessary to extraordinarily redeem all of a part of the 1997 Series or the 1998 Series. DelVal undertakes no obligation to update or supplement the foregoing information.

### **IMPACT OF COVID-19 ON THE LOAN PROGRAM**

The closures and restrictions to mitigate the spread of COVID-19 have adversely impacted many businesses, Local Government Units, and Authorities, including Participants in the Loan Program. All Participants in the Loan Program have made their Loan Repayments as scheduled during the COVID-19 Pandemic. Grants from the \$2.2 trillion *CARES* and the \$1.9 trillion *ARPA* have allowed most Participants to maintain or increase their fund balances. In the near term, DelVal expects the grants will reduce the demand for Loans. The ultimate impacts of COVID-19 and the Federal grants on Participants and the Loan Program remain uncertain at this time.

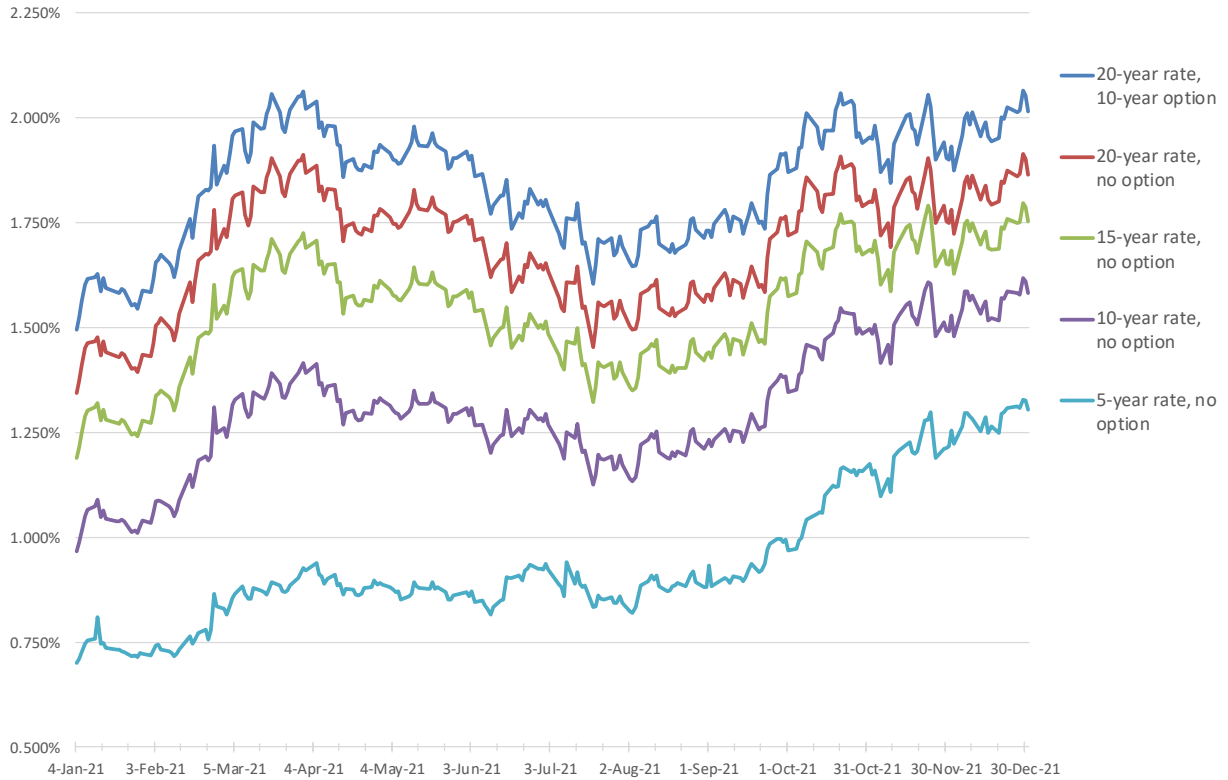
### **ECONOMICS OF THE LOAN PROGRAM**

The DelVal Loan Program has been successful due to the low cost of funds and the flexibility of the Loan Program. Currently, DelVal assesses an origination fee equal to 0.50% of the principal amount of the Loan. DelVal utilizes interest rate swap transactions (each a "Loan Swap") to tailor the Loan in any fashion that a Participant requests. All or a portion of a Loan can be variable rate or fixed rate, and a fixed rate can be set for a period shorter than the maturity date. Even the smallest Participants can reduce their interest costs, avoid unnecessary refunding costs, and manage their exposure to future changes of interest rates.

A chart of the trend of DelVal fixed rates, for level-debt amortization, over the past year is shown below. Interest rates plummeted in the wake of the COVID-19 lockdowns in March of 2020, and rates remained near historic lows until mid-February. Long-term interest rates have spiked and returned to pre-COVID-19 levels, and the yield curve has steepened. Short-term rates remain at historically low levels.

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### Trend of DeVal Loan Rates, Level Debt Amortization, as of December 31, 2021

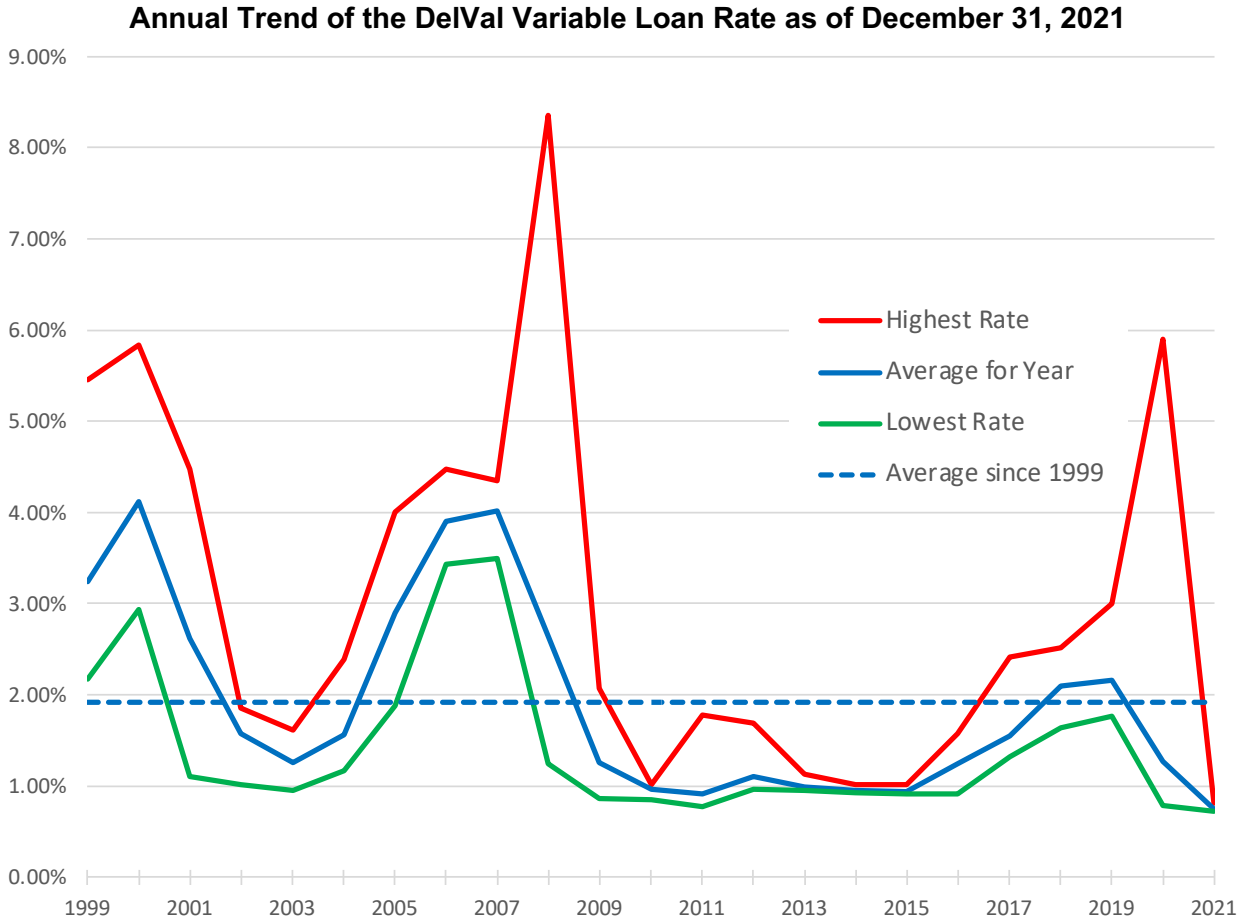


<u>Loan Option</u>	<u>Average Loan Rate</u>			<u>Rate as of 31-Dec-21</u>
	<u>Past Year</u>	<u>Past 6-Months</u>	<u>Past 3-Months</u>	
20-year rate, 10-year option	1.84%	1.85%	1.97%	2.02%
20-year rate, no option	1.69%	1.70%	1.82%	1.86%
15-year rate, no option	1.54%	1.57%	1.70%	1.75%
10-year rate, no option	1.30%	1.37%	1.51%	1.58%
5-year rate, no option	0.94%	1.04%	1.19%	1.30%

Source: Calhoun Baker Inc.

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The DelVal variable loan rate is linked to the SIFMA Index, which soared to the highest levels since 2008 due to the disruption of the capital markets caused by the COVID-19 pandemic and massive withdrawals from money market funds. Currently, only 3.19% of the Loan principal outstanding bears the variable rate. A chart of the annual averages of the variable rate since 1999 is shown below.



Average variable loan rate since 1999: 1.91%  
 Average variable rate in 2021: 0.74%  
 Variable rate as of: 31-Dec-21 0.80%

*Source: Calhoun Baker Inc.*

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The Administrator tracks the tax-exempt bond issues sold in eastern Pennsylvania, excluding Philadelphia (the “Market Area”), and calculates the All-In True Interest Cost (the “All-In TIC”) of each issue. The calculations of All-In TIC incorporate all costs of issuance and interest payments. The Administrator then compares each issue to a comparable issue sold at the Bloomberg AAA General Obligation Bonds Callable Indices (the “AAA Indices”) at par and to a comparable DeVal Loan on the date of each sale. The comparable DeVal Loan includes estimated bond insurance premiums, if insurance would be required by the Administrator, rating fees, and the same option provisions as the bond issue. A summary of the comparison is shown below.

### Bond Sales in DeVal’s Market Area\*

<u>Bond issues in the Market Area*</u>	<u>"AA" Rated Bonds Sold in the Month Ending</u>			<u>Bonds Sold in the Year Ending December 31, 2021</u>	
	<u>31-Oct-21</u>	<u>30-Nov-21</u>	<u>31-Dec-21</u>	<u>"AA" Rating</u>	<u>All Bonds</u>
Number of issues	20	10	5	179	194
Average par amount	\$ 10,119,000	\$ 17,863,500	\$ 17,685,000	\$ 14,323,128	\$ 15,319,897
Weighted average rating	AA	AA	AA	AA	AA
Weighted average maturity (years)	11.81	10.86	15.27	12.45	12.39
Weighted costs of issuance (% of par amount)					
Bond issues	2.051%	1.328%	1.413%	1.639%	1.538%
Comparable DeVal Loans**	<u>0.768%</u>	<u>0.622%</u>	<u>0.759%</u>	<u>0.670%</u>	<u>0.657%</u>
Over comparable DeVal Loan	1.283%	0.706%	0.654%	0.969%	0.881%
Average debt service costs					
Bond issues	\$ 13,689,034	\$ 23,239,087	\$ 25,943,199	\$ 19,881,378	\$ 21,418,197
Comparable DeVal Loans**	<u>13,240,871</u>	<u>22,477,898</u>	<u>24,517,313</u>	<u>19,112,909</u>	<u>20,609,115</u>
Over comparable DeVal Loan	<u>\$ 448,163</u>	<u>\$ 761,189</u>	<u>\$ 1,425,886</u>	<u>\$ 768,469</u>	<u>\$ 809,082</u>
Weighted average All-In True Interest Cost					
Bond issues	2.507%	2.452%	2.483%	2.405%	2.372%
Comparable DeVal Loans**	<u>2.179%</u>	<u>2.086%</u>	<u>2.226%</u>	<u>2.032%</u>	<u>2.004%</u>
Over comparable DeVal Loan	0.328%	0.366%	0.257%	0.373%	0.368%

\* Preliminary, some official statements may not have been posted yet or may have been missed inadvertently.

\*\*DeVal Loan rates are based on actual end of day rates and include a comparable option and rating agency or insurance fees.

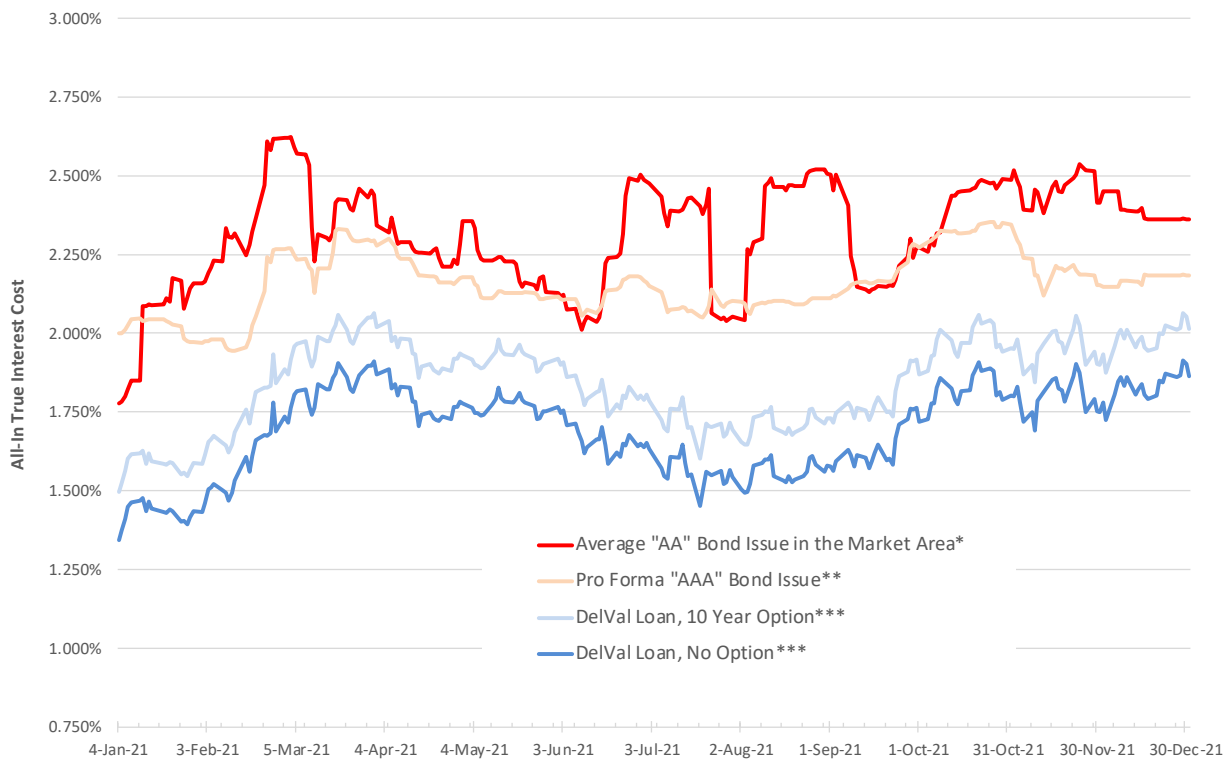
**Past results are not a predictor of future spreads and costs.**

Source: Calhoun Baker Inc.

The DeVal advantage is due to both the lower costs of issuance and lower interest rates. Over the past year, DeVal’s All-In TIC averaged 0.368% below the weighted average of all bonds issued in the Market Area. DeVal’s costs of issuance averaged 57% less than the average costs of issuance of bonds in the Market Area.

A pro forma comparison of the All-In TIC of a 20-year level debt structure of the average “AA” rated bond issue sold in the Market Area (the “Average “AA” Bond”), a “AAA” Bond Issue, and a DeVal Loan is shown in the chart below. The Average “AA” Bond is based on actual sales of bonds in the Market Area with published ratings in the “AA” category and assumes costs of issuance equal to the rolling 30-day average of actual costs of issuance and coupons at par equal to the rolling 30-day average of actual spreads over the AAA Indices at par. The “AAA” Bond Issue assumes costs of issuance equal to the Average “AA” Bond and 5% coupons with a 10-year option and yields equal to the AAA Indices. The DeVal Loan is based on actual end-of-day rates and costs of issuance. The DeVal Loan is shown with and without a 10-year option. Generally, for Loan rates less than 2.5%, the option is not likely to be economic. The option breakeven rate, the interest rate after exercising the option that reduces the net present value of the debt service payments below that of the Loan without an option, is so low and the window to economically exercise the option is so limited that net present value savings are unlikely to be realized.

**Pro Forma All-In True Interest Costs of the  
Average "AA" Bond Issue, "AAA" Bond Issue, and DelVal Loan  
20-Year Level Debt Amortization as of December 31, 2021**



\*Based on actual weighted average spreads to "AAA" indices and actual issuance costs.

\*\* Based on Bloomberg "AAA" indices, 5% coupon, 10-year option, with actual issuance costs.

\*\*\*Based on actual rates and issuance costs. The option is not likely to be economic when the Loan rate is under 2.50%.

**Past results are not a predictor of future spreads and costs.**

*Source: Calhoun Baker Inc.*

## COVENANT AGREEMENT

DelVal originally adopted the Covenant Agreement on April 9, 2001, to improve the security of the bondholders of the DelVal Series. Under the terms of the Covenant Agreement, DelVal pledges to use, in accordance with the provisions of each Trust Indenture, any available unrestricted funds (the "Excess Funds") to cure any deficiency in any trust estate. The Excess Funds may be used to:

- 1) Replenish any deficiency of a debt service reserve fund or
- 2) Pay any debt service payments, interest rate swap payments, administrative expenses, and interest rate swap termination payments.

The Covenant Agreement was amended and restated on April 23, 2002, April 12, 2004, June 28, 2007, and August 3, 2009.

Below is a schedule of the annual trend of Excess Funds. The Excess Funds differ from the Balance Sheet in that the amortization of non-cash items (such as original issue premium and bond insurance premiums) are not included. Investments and restricted investments are shown at their fair market values, and bonds and loans are shown at their par amounts. The Recycling Funds, the funds held by DelVal to originate new loans, were over-collateralized by approximately \$38 million as of December 31, 2021. The

fair market values of DelVal's interest rate swap transactions, as of December 31 of each year, are also shown on the schedule, but they are not included in the calculation of Excess Funds.

**Comparative Statement of Excess Funds Available to  
Transfer to Any Trust Estate in the Event of a Deficiency  
for the Years Ended December 31**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<i>Assets</i>					
Cash and cash equivalents	\$ 79,600,862	\$ 140,847,632	\$ 57,200,213	\$ 55,208,582	\$ 52,947,186
Restricted cash and cash equivalents	45,300,000	40,300,000	40,300,000	40,513,000	55,706,000
Investments	8,760,004	1,518,741	1,532,239	-	1,247,212
Restricted investments	31,702,115	32,467,867	32,741,194	34,137,078	20,696,575
Loan interest receivable	439,298	485,480	390,255	339,657	340,788
Interest rate swaps receivable	5,641,040	5,259,179	5,262,924	5,167,042	5,154,005
Investment earnings receivable	194,162	343,447	169,819	68,321	40,896
Prepaid expenses	91,448	91,955	98,881	77,964	92,733
Loans to local governments	<u>788,294,024</u>	<u>798,886,000</u>	<u>884,685,593</u>	<u>973,003,500</u>	<u>1,016,168,000</u>
Total assets	<u>960,022,953</u>	<u>1,020,200,301</u>	<u>1,022,381,118</u>	<u>1,108,515,144</u>	<u>1,152,393,395</u>
<i>Liabilities and Deductions</i>					
Accrued expenses	79,995	13,773	21,898	43,473	11,472
Estimated rebate liability	70,000	130,000	150,000	150,000	200,000
Interest rate swaps payable	397,871	658,013	248,564	183,778	43,844
Bond interest payable	12,064,582	11,462,329	11,285,530	11,077,822	11,295,760
Bonds payable	<u>913,000,000</u>	<u>973,000,000</u>	<u>973,000,000</u>	<u>1,053,000,000</u>	<u>1,098,000,000</u>
Total liabilities	<u>925,612,448</u>	<u>985,264,115</u>	<u>984,705,992</u>	<u>1,064,455,073</u>	<u>1,109,551,076</u>
<i>Excess Funds</i>	<u>\$ 34,410,505</u>	<u>\$ 34,936,186</u>	<u>\$ 37,675,126</u>	<u>\$ 44,060,071</u>	<u>\$ 42,842,319</u>
<i>Fair Market Value of Interest Rate Swap Transactions*</i>	<u>\$134,060,500</u>	<u>\$ 111,485,546</u>	<u>\$ 123,403,081</u>	<u>\$ 110,484,725</u>	<u>\$ 99,334,725</u>

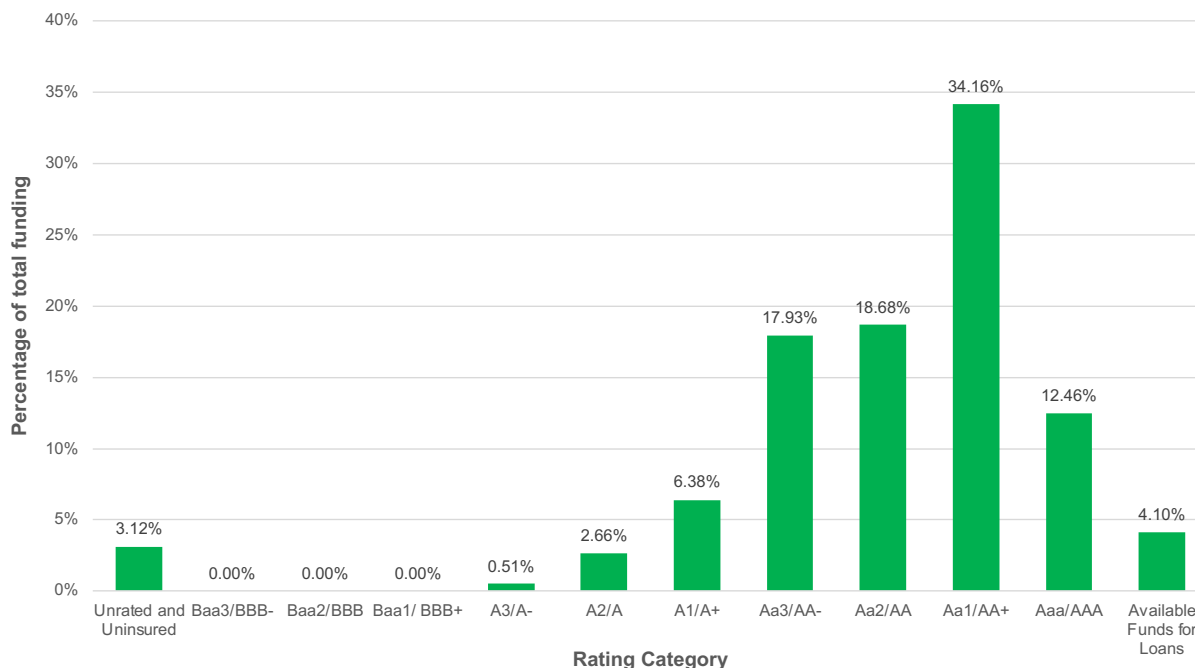
\* Fair market value includes the unamortized prepaid interest rate swap expense of the 1998 Series.

*Source: Calhoun Baker Inc.*

The Covenant Agreement requires the Participant (or its Guarantor) of a new Loan, not secured by a Participant Credit Enhancement, to have a published rating of "A3" or "A-" or higher (the "Rating Threshold") unless the proportion of (i) the principal amounts of uninsured Loans outstanding plus the principal amounts of Loans to Participants (or their Guarantors) that are rated below the Rating Threshold to (ii) the total DelVal funds available to originate Loans (the "Loan Funds") will not exceed 10% (the "Ratings Test"). The Ratings Test gives equal weight to the ratings of the rating agencies. If the Participant or Guarantor has only one published rating, the analysis gives full weight to the published rating. If a Loan is secured by a Participant Credit Enhancement, the analysis gives full weight to the higher of the rating of (i) the insurer or (ii) the Participant or Guarantor.

Below is a chart that shows the current Ratings Test. The chart shows the percentage of the Loan principal outstanding in each rating category. "Available Funds" are amounts deposited in the Recycling Fund that are available to originate new Loans. Approximately, 3.12% of the Available Funds were committed to Participants who were uninsured and unrated or rated below the Rating Threshold.

## Covenant Agreement Ratings Test of the Loan Portfolio as of December 31, 2021



Source: Calhoun Baker Inc.

Generally, DelVal requires a published rating at or above the Rating Threshold or a financial guaranty policy for any new Loan of \$1 million or more, even if the Ratings Test is satisfied. DelVal does not normally require ratings or insurance for Loans less than \$1 million if the Ratings Test is satisfied and the credit is approved by the Administrator.

All future bonds issued by DelVal will be issued under the Master Indenture and will be equally and ratably secured by all of the assets under the trust estate of the Master Indenture. As long as the 1997, 1998, or 2002 Series are outstanding, the Covenant Agreement will apply to all of the bonds issued under the Master Indenture. When the DelVal Series issued prior to 2007 have been redeemed, the Excess Funds provisions of the Covenant Agreement will be redundant. The Ratings Test provisions are incorporated in the Master Indenture.

## FINANCING ACTIVITIES

DelVal accesses the capital markets periodically to fund the Loan Program. DelVal issues the type of debt that will minimize its cost of funds at that time. DelVal's objective with each issuance is to create a pool of funds with a net cost to DelVal that is comparable to the cost of a 7-day variable rate demand bond ("VRDB") at that time. If DelVal cannot achieve that cost, it will not issue debt. DelVal has outstanding issues of: (i) fixed rate bonds, (ii) floating rate bonds indexed to 1-Month LIBOR, 3-Month LIBOR, the SIFMA Index, and the Secured Overnight Financing Rate ("SOFR"), and (iii) 7-day remarketed bonds.

DelVal issued the \$155 million 2022 Series on February 10, 2022. The 2022 Series was rated "A1" with a stable outlook by Moody's and "A+" with a stable outlook by S&P. The proceeds of the 2022 Series were used to fund: (i) the origination of new Loans, (ii) the acquisition of Loans from the 2007 C Series, 2018 B Series, and other DelVal Series, (iii) a deposit to the Debt Service Reserve Fund, and (iv) the payment of the costs of issuance. The proceeds from the acquisition of Loans from the 2018 B Series and

the 2007 C Series were used, together with other available funds, to optionally redeem the \$50 million 2018 B Series and the \$50 million 2007 C Series maturing in 2027.

Below is a summary of the DelVal Series that were outstanding as of December 31, 2021.

### DelVal Series Outstanding as of December 31, 2021

<u>Series</u>	<u>Par Amount</u>	<u>Debt Service Reserve Fund (1)</u>	<u>Option Date (2)</u>	<u>Purchase or Remarketing Date</u>	<u>Termination of Letter of Credit</u>	<u>Maturity Date</u>	<u>Basis Rate</u>
1997 B Series	\$ 18,000,000		No option	---	---	1-Jul-27	Fixed rate
1997 C Series	<u>10,000,000</u>		No option	---	---	1-Jul-27	Fixed rate
Total 1997 Series	<u>28,000,000</u>	\$ 2,800,000					
1998 A Series	<u>250,000,000</u>	25,000,000	No option	---	---	1-Aug-28	Fixed rate
2002 Series	<u>125,000,000</u>	12,500,000	No option	---	---	1-Jul-32	Fixed rate
<b>Master Series</b>							
2007 A Series	10,000,000		No option	---	---	1-Jun-37	Fixed rate
2007 B Series	50,000,000		Any date	Weekly	8-Jul-22	1-Jun-42	7-day
2007 C Series (5)	50,000,000		1-Jun-17	---	---	1-Jun-27	3M LIBOR (4)
2007 C Series	50,000,000		1-Jun-17	---	---	1-Jun-37	3M LIBOR (4)
2018 A Series	10,000,000		No option	---	---	1-Sep-33	Fixed rate
2018 B Series (5)	50,000,000		1-Sep-21	1-Sep-22	---	1-Sep-48	SIFMA Index
2018 C Series	50,000,000		1-Sep-22	1-Sep-23	---	1-Sep-48	SIFMA Index
2018 D Series	30,000,000		1-Sep-23	1-Sep-24	---	1-Sep-48	1M LIBOR (4)
2018 E Series	75,000,000		1-Sep-24	1-Sep-25	---	1-Sep-48	1M LIBOR (4)
2020 A Series	100,000,000		Any date	Weekly	1-May-25	1-May-55	7-day
2020 B Series	50,000,000		No option	---	---	1-Nov-24	Fixed rate
2020 C Series	50,000,000		Any date	Weekly	---	1-Sep-48	R-FLOATs
2020 D Series	75,000,000		Any date	Weekly	1-Nov-23	1-Nov-65	7-day
2021 A Series	<u>45,000,000</u>		No option	---	---	1-Oct-29	Fixed rate
Total Master Series	<u>695,000,000</u>	<u>36,085,000 (3)</u>					
<b>Total</b>	<u><u>\$ 1,098,000,000</u></u>	<u><u>\$ 76,385,000</u></u>					

- (1) The Debt Service Reserve Funds are the maximum permissible amounts, the least of (i) 10% of the par amount, (ii) the maximum annual debt service payment, and (iii) 125% of average annual debt service.
- (2) Options can be exercised at a price of 100% of the principal amount, plus accrued interest. Exercise of the option to redeem or remarket requires 30 days of notice to Bondholders.
- (3) Held under the Master Indenture to secure all Series issued under the Master Indenture.
- (4) If a representative LIBOR index is no longer published, the LIBOR index will be replaced with the fallback rate recognized by the International Swaps and Derivatives Association.
- (5) The Series was redeemed with proceeds from: (i) the acquisition of Loans with proceeds of the Local Government Revenue Bonds, 2022 Series A, B, C and other DelVal Series and (ii) other available funds on February 10, 2022.

Source: Calhoun Baker Inc.

The Financial Conduct Authority (the “FCA”) of the United Kingdom has authorized the publication of US Dollar LIBOR indices for 1, 3, 6, and 12 months until June 30, 2023. The FCA, other regulatory authorities, or legislation may extend or shorten that deadline in the future. In the event that representative LIBOR indices are no longer available, the Supplemental Indentures of the 2007 Series and 2018 Series provide that the LIBOR rates related to the 2007 C Series, 2018 D Series, and 2018 E Series be replaced by the fallback rates recognized by the International Swaps and Derivatives Association (“ISDA”) IBOR Fallback Protocol.

All of the DelVal Series are subject to Extraordinary Mandatory Redemption under certain circumstances. The principal reasons for an Extraordinary Mandatory Redemption would be the inability of DelVal to lend proceeds or the necessity to comply with Treasury regulations.

The 1997 Series, 1998 Series, 2002 Series, 2007 A Series, 2018 A Series, 2020 B Series, and 2021 A Series are all fixed rate bonds that are not subject to optional redemption. All of these Series are rated “A1” by Moody’s with a stable outlook. The 2002 Series, 2007 A Series, 2018 A Series, 2020 B Series, and 2021 A Series are rated “A+” with a stable outlook by S&P. The 1997 Series and 1998 Series were originally rated by S&P based upon municipal bond insurance policies issued by Ambac. S&P withdrew the ratings for the 1997 Series and 1998 Series when Ambac filed for reorganization.

The interest rates on the 2007 C Series are set at spreads to 67% of 3-Month LIBOR, adjusted and payable quarterly. The 2007 C Series may be optionally redeemed at par on or after June 1, 2017. The 2007 C Series is rated “A1” by Moody’s and “A+” by S&P. The \$50 million June 1, 2027, maturity of the 2007 C Series was optionally redeemed by DelVal on February 10, 2022.

The interest rates on the 2018 C Series are set at spreads to the SIFMA Index, adjusted and payable monthly. The 2018 D and E Series are set at spreads to 67% of 1-Month LIBOR, adjusted and payable monthly. The 2018 Series are rated “A1” by Moody’s and “A+” by S&P. These Series may be optionally redeemed at par beginning one year prior to their respective purchase dates. The \$50 million 2018 B Series was optionally redeemed by DelVal on February 10, 2022.

The \$50 million 2007 B Series is currently remarketed by PNC Capital Markets as a 7-day, VRDB, secured by a letter of credit issued by PNC Bank, National Association (the “PNC LOC”). The PNC LOC is scheduled to terminate on July 8, 2022. The 2007 B Series is rated “AA+/A-1” by S&P, “A1/VMIG 1” by Moody’s, and “A+/F1” by Fitch Ratings (“Fitch”). The short-term ratings are all based on PNC’s short-term ratings. The long-term ratings of Moody’s and Fitch are also based solely on the long-term rating of PNC. The S&P long-term rating is based on the joint probability of a default by both DelVal and PNC. The remarketing rate has averaged 0.044% over the past year, 0.0008% over the average SIFMA Index.

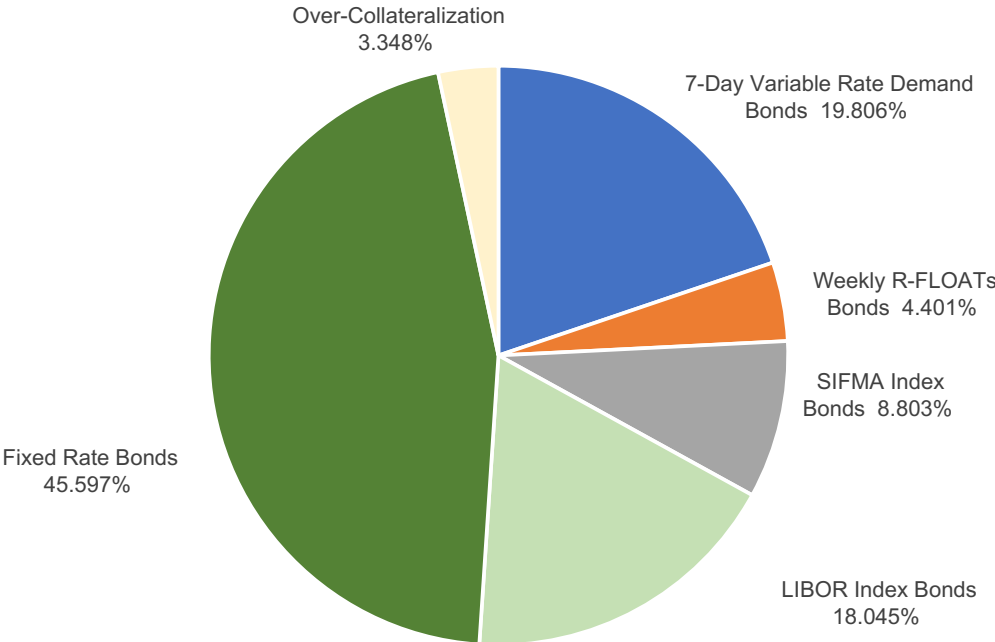
The \$100 million 2020 A Series and \$75 million 2020 D Series are currently remarketed by TD Securities as 7-day, VRDB’s, secured by letters of credit issued by TD Bank, N.A. (the “TD LOCs”). The TD LOC for the 2020 A Series is scheduled to terminate on May 1, 2025, and the TD LOC for the 2020 D Series is scheduled to terminate on November 1, 2023. The 2020 A Series and 2020 D Series are rated “Aa3/VMIG 1” by Moody’s and “AA+/A-1” by S&P. These short-term ratings are based on TD’s short-term ratings. The Moody’s long-term ratings are based on TD’s long-term rating. The S&P long-term ratings are based on the joint probability of a default by both DelVal and TD. The remarketing rate for the 2020 A Series has averaged 0.043% over the past year, 0.0012% under the average SIFMA Index. The remarketing rate for the 2020 D Series has averaged 0.043% over the past year, 0.0012% under the average SIFMA Index.

The \$50 million 2020 C Series is currently remarketed by BofA Securities as a weekly rate R-FLOATs. The 2020 C Series is rated “A1” by Moody’s and “A+” by S&P. The R-FLOATs are not secured by a credit facility. In the event of a failed remarketing of the 2020 C Series, the interest rate of the 2020 C Series would increase to the maximum rate, currently 15%, and, if the failed remarketing could not be cured, the 2020 C Series would be subject to redemption within three years. The 2020 C Series would also bear interest at the maximum rate and be subject to redemption within three years if the ratings of the 2020 C Series were withdrawn or reduced below investment grade. The remarketing rate for the 2020 C Series has averaged 0.113% over the past year, 0.0692% over the average SIFMA Index.

The 2022 A Series are fixed rate bonds that are not subject to optional redemption with a maturity on March 1, 2030. The 2022 B and C Series have maturity dates on March 1, 2057. The 2022 B Series bears interest at a spread to the SIFMA Index and may be optionally redeemed beginning one year prior to the initial mandatory purchase date of March 1, 2026. The 2022 C Series bears interest at a spread to SOFR and may be optionally redeemed beginning one year prior to the initial mandatory purchase date of March 1, 2027.

The total funding for the Loan Program, including the over-collateralization of \$38,039,250, as of December 31, 2021, was \$1,136,089,250. Below is a chart the shows the composition of the funding.

**Composition of the Funding for the DelVal Loan Program  
As of December 31, 2021**



Source: Calhoun Baker Inc.

DelVal expects to issue one or more new DelVal Series within the next eighteen months to provide additional funding for the Loan Program and to restructure certain of its debt obligations. DelVal expects to extend or replace the PNC LOC that secures the remarketing of the \$50 million 2007 B Series on or before the scheduled termination date of the facility on July 8, 2022, and to remarket or redeem the \$50 million 2018 C Series on or before the initial mandatory purchase date of September 1, 2023.

The DelVal Board annually adopts a Post Issuance Compliance Policy, and under the policy, the Administrator monitors and reports any compliance issues with Treasury regulations or rules of the Municipal Securities Rulemaking Board.

The estimated debt service payments as of December 31, 2021, are shown on the following page. The 2021 debt service payments are the actual payments. Interest rates on variable rate DelVal Series beginning in 2022 are based on the last rate resets of 2021.

**Delaware Valley Regional Finance Authority  
Estimated Debt Service Payments as of December 31, 2021\***

<i>Fiscal Year</i>	<i>1997 Series</i>		<i>1998 Series</i>		<i>2002 Series</i>		<i>Master Series</i>		<i>Total Debt Service</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ -	\$ 1,801,000	\$ -	\$ 13,750,000	\$ -	\$ 7,187,500	\$ -	\$ 6,595,017	\$ -	\$ 29,333,517	\$ 29,333,517
2022	-	1,801,000	-	13,750,000	-	7,187,500	-	7,081,705	-	29,820,205	29,820,205
2023	-	1,801,000	-	13,750,000	-	7,187,500	-	7,081,705	-	29,820,205	29,820,205
2024	-	1,801,000	-	13,750,000	-	7,187,500	-	7,081,705	-	29,820,205	29,820,205
2025	-	1,801,000	-	13,750,000	-	7,187,500	50,000,000	7,081,705	50,000,000	29,820,205	79,820,205
2026	-	1,801,000	-	13,750,000	-	7,187,500	-	4,581,705	-	27,320,205	27,320,205
2027	28,000,000	1,801,000	-	13,750,000	-	7,187,500	50,000,000	4,390,583	78,000,000	27,129,083	105,129,083
2028	-	-	250,000,000	13,750,000	-	7,187,500	-	4,199,460	250,000,000	25,136,960	275,136,960
2029	-	-	-	-	-	7,187,500	45,000,000	4,199,460	45,000,000	11,386,960	56,386,960
2030	-	-	-	-	-	7,187,500	-	3,299,460	-	10,486,960	10,486,960
2031	-	-	-	-	-	7,187,500	-	3,299,460	-	10,486,960	10,486,960
2032	-	-	-	-	125,000,000	7,187,500	-	3,299,460	125,000,000	10,486,960	135,486,960
2033	-	-	-	-	-	-	10,000,000	3,049,460	10,000,000	3,049,460	13,049,460
2034	-	-	-	-	-	-	-	2,799,460	-	2,799,460	2,799,460
2035	-	-	-	-	-	-	-	2,799,460	-	2,799,460	2,799,460
2036	-	-	-	-	-	-	-	2,799,460	-	2,799,460	2,799,460
2037	-	-	-	-	-	-	100,000,000	2,560,838	100,000,000	2,560,838	102,560,838
2038	-	-	-	-	-	-	-	2,322,215	-	2,322,215	2,322,215
2039	-	-	-	-	-	-	-	2,322,215	-	2,322,215	2,322,215
2040	-	-	-	-	-	-	-	2,322,215	-	2,322,215	2,322,215
2041	-	-	-	-	-	-	-	2,322,215	-	2,322,215	2,322,215
2042	-	-	-	-	-	-	10,000,000	2,047,215	10,000,000	2,047,215	12,047,215
2043	-	-	-	-	-	-	-	1,772,215	-	1,772,215	1,772,215
2044	-	-	-	-	-	-	-	1,772,215	-	1,772,215	1,772,215
2045	-	-	-	-	-	-	-	1,772,215	-	1,772,215	1,772,215
2046	-	-	-	-	-	-	-	1,772,215	-	1,772,215	1,772,215
2047	-	-	-	-	-	-	-	1,772,215	-	1,772,215	1,772,215
2048	-	-	-	-	-	-	205,000,000	1,394,161	205,000,000	1,394,161	206,394,161
2049	-	-	-	-	-	-	-	260,000	-	260,000	260,000
2050	-	-	-	-	-	-	-	260,000	-	260,000	260,000
2051	-	-	-	-	-	-	-	260,000	-	260,000	260,000
2052	-	-	-	-	-	-	-	260,000	-	260,000	260,000
2053	-	-	-	-	-	-	-	260,000	-	260,000	260,000
2054	-	-	-	-	-	-	-	260,000	-	260,000	260,000
2055	-	-	-	-	-	-	225,000,000	188,333	225,000,000	188,333	225,188,333
<b>Total</b>	<b>\$28,000,000</b>	<b>\$ 12,607,000</b>	<b>\$250,000,000</b>	<b>\$110,000,000</b>	<b>\$ 125,000,000</b>	<b>\$ 86,250,000</b>	<b>\$ 695,000,000</b>	<b>\$ 99,539,747</b>	<b>\$1,098,000,000</b>	<b>\$308,396,747</b>	<b>\$1,406,396,747</b>

\*Actual payments in 2021. Does not include debt issued or exclude debt redeemed after December 31, 2021. Variable rate bonds in 2022 and thereafter are estimated using the last rate reset of 2021.

Source: Calhoun Baker Inc.

## INVESTMENTS

The funds held by DelVal are invested in Guaranteed Investment Contracts (each a “GIC”) and other investments that satisfy the requirements of the respective Trust Indentures. DelVal treats the GIC’s as cash equivalents because the interest rates on the GIC’s adjust weekly and DelVal can deposit or withdraw funds from the GIC’s with no more than seven days of written notice. DelVal executed a new GIC with Bayerische Landesbank, acting through its New York Branch (“BayernLB”), for the investment of \$15.4 million of the Master Series Debt Service Reserve Fund on July 14, 2021. Under the terms of the GIC’s, DelVal may require the providers to post collateral of cash, Treasury obligations, or certain agency obligations to secure the principal invested, plus accrued interest, if they are downgraded below certain thresholds. Citigroup Financial Products Inc. (“CFPI”) currently posts collateral to secure its GIC.

DelVal’s short-term investments are generally restricted to instruments with ratings of “P-1” from Moody’s and “A-1” or higher from S&P, and DelVal’s long-term investments are generally restricted to instruments with ratings of “Aa3” or higher from Moody’s and “AA-” or higher from S&P. Investments are recorded at fair value. Most of the funds not invested in GIC’s have been invested in floating rate notes, indexed to 3-Month LIBOR, with maturities in 2022. DelVal has acquired \$21.7 million of floating rate notes indexed to SOFR to replace the maturing investments. A summary of the cash equivalents and investments as of December 31, 2021, is shown below.

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**Cash Equivalents, Restricted Cash Equivalents, Investments, and  
Restricted Investments as of December 31, 2021**

<u>Description</u>	<u>Senior Debt Rating of Counterparty or Guarantor</u>			<u>Maturity</u>	<u>Rate (6)</u>	<u>Cash Equivalents</u>	<u>Restricted Cash Equivalents</u>	<u>Fair Value Investments</u>	<u>Fair Value Restricted Investments</u>	<u>Total Fair Value</u>	<u>Fair Value Concentration</u>
	<u>Moody's</u>	<u>S&amp;P</u>	<u>Fitch</u>								
<i>Floating rate notes (1)</i>											
Bank of Nova Scotia	Aa2	***	AA	7-Mar-22	0.82763%	\$ -	\$ -	\$ -	\$ 10,010,000	\$ 10,010,000	7.665%
Commonwealth Bank of Australia	Aa3	AA-	A+	10-Mar-22	0.90050%	-	-	-	6,006,840	6,006,840	4.600%
National Australia Bank	Aa3	AA-	***	10-Jan-22	1.01113%	-	-	-	2,000,280	2,000,280	1.532%
Westpac Banking	Aa3	AA-	A+	11-Jan-22	0.97113%	-	-	1,247,212	2,679,455	3,926,667	3.007%
Treasury Money Market	Aaa-mf	AAAm	***	***	0.010%	-	-	-	-	-	0.000%
<i>GIC's (2)</i>											
BayemLB (3)	Aaa	***	AAA	27-Jul-28	1.730%	10,552,541	25,000,000	-	-	35,552,541	39.019%
BayemLB	Aa3	***	A-	1-Jul-26	0.480%	-	15,406,000	-	-	15,406,000	
CFPI (4)	A3	BBB+	A	28-May-42	1.271%	23,106,083	-	-	-	23,106,083	17.693%
Natixis (5)	Aa2	AA	AA	28-Jun-27	1.710%	4,708,446	2,800,000	-	-	7,508,446	
Natixis (5)	Aa2	AA	AA	28-Jun-32	1.270%	14,580,116	12,500,000	-	-	27,080,116	<u>26.484%</u>
Total						<u>\$ 52,947,186</u>	<u>\$ 55,706,000</u>	<u>\$ 1,247,212</u>	<u>\$ 20,696,575</u>	<u>\$ 130,596,973</u>	100.000%

(1) Notes pay a spread over 3-Month LIBOR, adjusted and paid quarterly.

(2) GIC's pay a spread over the SIFMA Index, adjusted weekly and paid monthly.

(3) Obligations guaranteed by the State of Bavaria.

(4) Obligations are collateralized and held by the Bank of New York Mellon.

(5) Obligations are guaranteed by Caisse des Dépôts et Consignations.

(6) Rate as of December 31, 2021.

Source: Calhoun Baker Inc.

## **INTEREST RATE SWAP AGREEMENTS**

DelVal utilizes Bond Swaps to hedge its interest rate and basis risk. When DelVal issued fixed rate bonds, DelVal executed Bond Swaps under which it received a fixed rate and paid the SIFMA Index. This hedged the risk that future market rates to the maturity dates of the fixed rate bonds would be lower than DelVal's fixed rates, making that issue uncompetitive with other financing options. When DelVal issued LIBOR index bonds or SOFR Index Bonds, DelVal executed Bond Swaps under which it received the LIBOR index or SOFR Index and paid the SIFMA Index. This eliminated the basis risk of changes in the ratio of tax-exempt rates to the LIBOR or SOFR rates. DelVal did not need to hedge the SIFMA Index bonds, the VRDB's, or the R-FLOATs.

DelVal utilizes Loan Swaps to provide fixed rate Loans. When a Participant requests a fixed rate, DelVal executes a Loan Swap that offsets payments on the Bond Swaps under which DelVal receives a SIFMA Index payment and pays a fixed rate. The notional reductions of the Loan Swap match the amortization of the related Loan. The Participant has flexibility to choose option provisions, set fixed rates for periods shorter than the maturity date, and split the Loan into tranches with multiple fixed rates or a combination of variable and fixed rates.

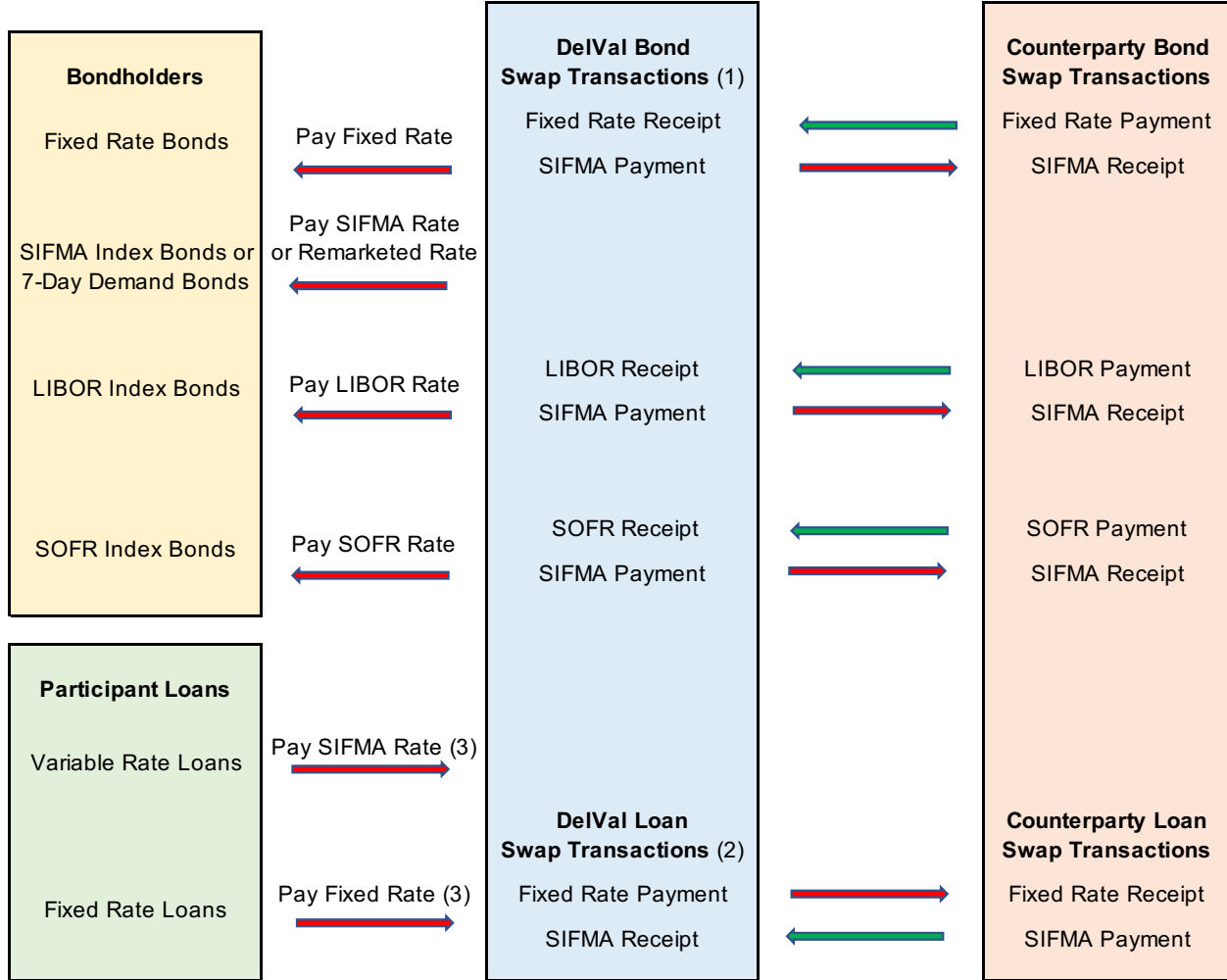
DelVal also utilizes interest rate swaps to hedge the basis risk SOFR indexed investments. Under these transactions, DelVal pays a SOFR rate and receives a rate based on the SIFMA Index.

The DelVal Board annually adopts an Interest Rate Swap Management Policy (the "Swap Policy"). Any exceptions to Swap Policy must be explicitly authorized by a Resolution of the Board.

All of the interest rate transactions are effective hedges under the "consistent critical terms" and "quantitative methods" standards of the Governmental Accounting Standards Board Statement No. 53. Below is a chart that depicts the cash flows of the DelVal Loan Program.

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## Cash Flows of Debt Service, Interest Rate Swap, and Loan Payments



- (1) Transactions executed to create a pool of funds with a net cost of funds equal to the SIFMA Index plus a spread to hedge changes in long-term interest rates and basis risks.
- (2) Transactions that offset Bond Swaps executed to provide fixed interest rate Loans.
- (3) The Loan Rate is set monthly by the Administrator at levels sufficient to pay (i) debt service on DeVal's Bonds, (ii) net swap payments, and (iii) administrative expenses.

DeVal amended \$45 million notional amount of a Bond Swap related to the Master Series on January 20, 2021, after the issuance of the 2021 A Series to receive a fixed rate instead of a floating rate indexed to 1-Month LIBOR. DeVal terminated one Bond Swap and amended another related to the 1998 Series on September 29, 2021, to eliminate offsetting payments and receipts indexed to 1-Month LIBOR. DeVal executed new Loan Swaps related to all the new Loans that were originated in the past year.

A summary of the outstanding transactions and their market values is shown below.

## Interest Rate Swap Transactions as of December 31, 2021

	<i>Counterparty Rating</i>				<i>Notional Amount</i>	<i>Market Value 31-Dec-21</i>
	<i>Fitch</i>	<i>Kroll</i>	<i>Moody's</i>	<i>S&amp;P</i>		
<b>Bond Swaps</b>						
1997 Series	***	***	A1	***	\$ 28,000,000	\$ 6,399,940
1998 Series*	***	***	A1	***	250,000,000	64,859,120
2002 Series	***	***	A1	A+	125,000,000	40,506,593
Master Series	***	***	A1	A+	<u>320,050,000</u>	<u>4,476,821</u>
Total Bond Swaps					<u>723,050,000</u>	<u>116,242,474</u>
<b>Loan swaps</b>						
1997 Series	***	***	A1	***	19,515,000	(415,655)
1998 Series	***	***	A1	***	219,142,000	(5,171,926)
2002 Series	***	***	A1	A+	113,521,000	(3,246,798)
Master Series	***	***	A1	A+	<u>663,572,000</u>	<u>(8,073,370)</u>
Total Loan Swaps					<u>1,015,750,000</u>	<u>(16,907,749)</u>
TOTAL					<u>\$ 1,738,800,000</u>	<u>\$ 99,334,725</u>
<b>Counterparty</b>						
Bank of America, N.A.*	A+	***	Aa3	A+	\$ 972,936,800	\$ 98,692,283
Barclays Bank PLC	A	***	A1	A	35,045,000	(1,303,286)
Citibank, N.A.	A+	***	Aa3	A+	110,050,000	4,463,722
PNC Bank, N.A.	A+	AA-	A1	A	480,206,000	(2,929,834)
Royal Bank of Canada	AA	***	Aa2	AA-	139,379,200	421,793
Toronto-Dominion Bank	***	AA	Aa2	AA-	<u>1,183,000</u>	<u>(9,953)</u>
TOTAL					<u>\$ 1,738,800,000</u>	<u>\$ 99,334,725</u>

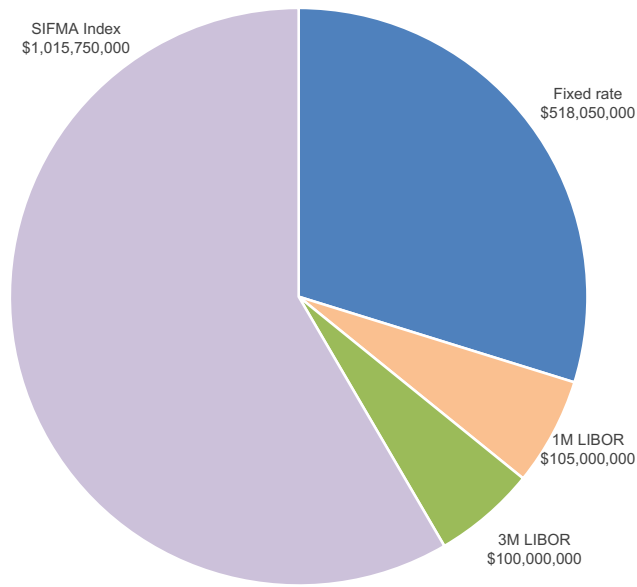
\*Includes the market value of the unamortized prepaid swap expense.

*Source: Calhoun Baker Inc.*

DeIVal executed \$100 million notional amount of Bond Swaps indexed to 3-Month LIBOR to hedge the basis risk of the 2007 C Series that is also indexed to 3-Month LIBOR, and DeIVal executed \$105 million notional amount of Bond Swaps indexed to 1-Month LIBOR to hedge the basis risk of the 2018 D and E Series debt service that is also indexed to 1-Month LIBOR. Under these Bond Swaps, DeIVal receives the LIBOR rate and pays the SIFMA Index. The Financial Conduct Authority (the "FCA") of the United Kingdom has authorized publishing the US Dollar LIBOR indices for 1, 3, 6, and 12 months until June 30, 2023. DeIVal and the related counterparties for these transactions, PNC Bank and Citibank, have all adhered to the International Swaps and Derivatives Association ("ISDA") IBOR Fallback Protocol to replace LIBOR rates with risk-free reference rates, currently based on SOFR, when representative LIBOR rates are no longer published. The Supplemental Indentures of the 2007 Series and 2018 Series provide that the same fallback rates will apply to the related bonds.

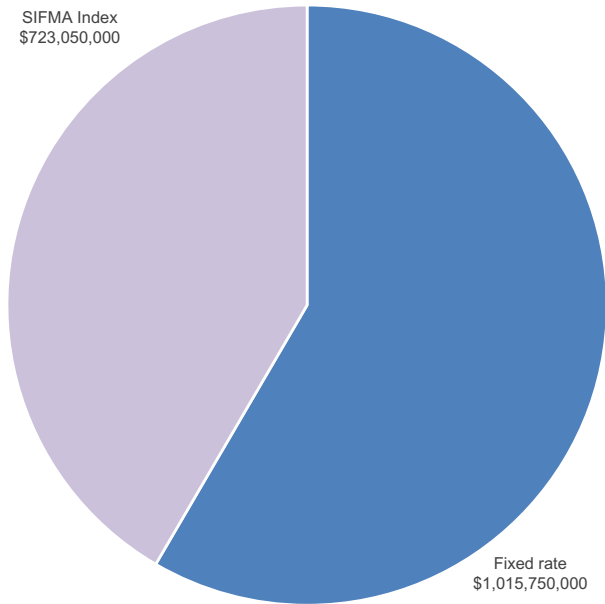
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**Notional Amount of Interest Rate Swap Receiver Rates  
as of December 31, 2021**



Source: Calhoun Baker Inc.

**Notional Amount of Interest Rate Swap Payor Rates  
as of December 31, 2021**



Source: Calhoun Baker Inc.

## STRESS TESTS

DelVal periodically prepares projections of operating results for the rating agencies to test the ability of DelVal to withstand changes of future market conditions. The schedules project loan principal and interest payments and operating revenues and expenses. The coverage of available funds over the bond principal and interest payments is calculated, including debt service reserve funds, but ignoring accumulated fund balances.

The base case scenario assumes the DelVal Series are repaid on their respective maturity dates. The results of the scenario, based on the Loans outstanding as of December 31, 2021, and including the 2022 Series debt service and related Bond Swaps are summarized below. Four different interest rate regimes are analyzed, assuming the SIFMA Index averages 0.25% in 2022:

- 1) SIFMA Index increases to 1.50% in 2032,
- 2) SIFMA Index increases to 3.00% in 2032,
- 3) SIFMA Index increases to 5.00% in 2032 and
- 4) SIFMA Index increases to 8.00% in 2032.

Coverage of debt service is tightest in the years with large bond principal payments. The projections show that coverage of debt service in these years is not sensitive to changes in the interest rate assumptions. The results are robust because (i) the Loan Program is over-collateralized by \$38,089,250, (ii) each DelVal Series has a Debt Service Reserve Fund funded from proceeds, and (iii) the amortization of Loans is structured to ensure that sufficient funds from Loan principal payments will be available to pay principal on the DelVal Series when the payments are due. The test of the adequacy of the cash flows of Loan principal repayments is required under the Trust Indentures and the Covenant Agreement. If sufficient funds would not be available for principal repayments of the DelVal Series, the Loan would not be originated.

The principal circumstances under which coverage would be inadequate would be: (i) a cataclysmic market failure that would cause DelVal's swap or investment counterparties to default on their obligations for a prolonged period or (ii) a cataclysmic economic disruption in Pennsylvania that would cause a large number of Participants to default on their debt obligations for a prolonged period.

Under the scenario with the SIFMA Index at 1.50% in 2032, the funds available for coverage in 2028 would be sufficient to cover the debt service payments if:

- 1) Every Participant defaulted on principal and interest payments for 11 months or
- 2) Every swap counterparty defaulted on payments for 48 months.

A summary, assuming the SIFMA Index rises to 1.50% in 2032, is shown in the schedule below. The schedule also shows comparisons of the coverage to the other interest rate assumptions.

## Estimated Debt Service Coverage for the Scheduled Scenario with the SIFMA Index Rising to 1.50% in 2032

Year	Funds Available for Debt Service				Debt Service			Annual Coverage of Debt Service		Coverage Percentage for Higher Interest Rates in 2032		
	Revenue Fund (1)	Recycling Fund (2)	Debt Service Reserve	Total	Interest (3)	Principal	Total	Amount in Excess of Debt Service	Coverage Percentage	3.00%	5.00%	8.00%
2022	\$29,881,982	\$297,555,450	\$77,369,000	\$404,806,432	\$ 31,968,009	\$ 100,000,000	\$ 131,968,009	\$272,838,423	307%	307%	307%	307%
2023	32,453,921	205,032,950	77,369,000	314,855,871	33,187,750	-	33,187,750	281,668,121	949%	924%	898%	858%
2024	33,026,470	208,632,650	77,369,000	319,028,120	33,975,850	50,000,000	83,975,850	235,052,270	380%	374%	367%	357%
2025	33,717,360	168,010,550	75,343,000	277,070,910	32,192,550	-	32,192,550	244,878,360	861%	802%	736%	657%
2026	34,813,047	166,484,650	75,343,000	276,640,697	32,736,200	-	32,736,200	243,904,497	845%	770%	690%	602%
2027	36,005,310	214,127,950	75,343,000	325,476,260	33,514,850	28,000,000	61,514,850	263,961,410	529%	501%	468%	429%
2028	33,485,516	278,985,550	72,543,000	385,014,066	32,452,300	250,000,000	282,452,300	102,561,766	136%	136%	135%	134%
2029	20,156,015	124,284,250	47,543,000	191,983,265	19,480,950	45,000,000	64,480,950	127,502,315	298%	280%	261%	239%
2030	20,818,283	122,674,250	45,693,000	189,185,533	19,234,600	5,000,000	24,234,600	164,950,933	781%	624%	501%	399%
2031	21,689,549	116,257,250	45,373,000	183,319,799	19,888,250	-	19,888,250	163,431,549	922%	682%	519%	397%
2032	22,096,557	163,116,250	45,373,000	230,585,807	20,626,700	125,000,000	145,626,700	84,959,107	158%	156%	153%	149%
2033	15,749,763	108,761,250	32,873,000	157,384,013	13,439,200	10,000,000	23,439,200	133,944,813	671%	511%	400%	315%
2034	15,539,947	107,579,250	32,310,000	155,429,197	12,939,200	-	12,939,200	142,489,997	1201%	743%	516%	373%
2035	15,580,914	110,433,250	32,310,000	158,324,164	12,939,200	-	12,939,200	145,384,964	1224%	755%	523%	378%
2036	15,561,810	109,101,250	32,310,000	156,973,060	12,939,200	-	12,939,200	144,033,860	1213%	748%	518%	373%
2037	14,653,885	110,737,250	32,310,000	157,701,135	12,057,950	60,000,000	72,057,950	85,643,185	219%	206%	193%	180%
2038	13,879,847	114,546,250	28,689,000	157,115,097	11,176,700	-	11,176,700	145,938,397	1406%	836%	564%	401%
2039	13,821,879	107,473,250	28,689,000	149,984,129	11,176,700	-	11,176,700	138,807,429	1342%	806%	549%	391%
2040	13,809,167	106,585,250	28,689,000	149,083,417	11,176,700	-	11,176,700	137,906,717	1334%	801%	545%	388%
2041	13,799,491	105,912,250	28,689,000	148,400,741	11,176,700	-	11,176,700	137,224,041	1328%	797%	542%	385%
2042	13,270,141	105,784,250	28,689,000	147,743,391	10,676,700	50,000,000	60,676,700	87,066,691	243%	226%	208%	190%
2043	12,805,406	109,606,250	25,574,000	147,985,656	10,176,700	-	10,176,700	137,808,956	1454%	858%	573%	399%
2044	12,736,683	98,620,250	25,574,000	136,930,933	10,176,700	-	10,176,700	126,754,233	1346%	806%	547%	389%
2045	12,769,712	96,825,250	25,574,000	135,168,962	10,176,700	-	10,176,700	124,992,262	1328%	795%	549%	409%
2046	12,926,279	118,055,250	25,574,000	156,555,529	10,176,700	-	10,176,700	146,378,829	1538%	938%	682%	487%
2047	13,182,239	159,161,250	25,574,000	197,917,489	10,176,700	-	10,176,700	187,740,789	1945%	1157%	810%	562%
2048	11,318,028	201,621,250	25,574,000	238,513,278	9,397,950	155,000,000	164,397,950	74,115,328	145%	143%	145%	140%
2049	9,458,768	98,622,250	17,434,000	125,515,018	7,061,700	-	7,061,700	118,453,318	1777%	1041%	730%	498%
2050	9,508,301	98,758,250	17,434,000	125,700,551	7,061,700	-	7,061,700	118,638,851	1780%	1055%	709%	496%
2051	9,671,360	101,643,250	17,434,000	128,748,610	7,061,700	-	7,061,700	121,686,910	1823%	1077%	721%	501%
2052	10,014,302	153,075,250	17,434,000	180,523,552	7,061,700	-	7,061,700	173,461,852	2556%	1486%	975%	661%
2053	10,386,543	206,133,250	17,434,000	233,953,793	7,061,700	-	7,061,700	226,892,093	3313%	1914%	1247%	835%
2054	10,712,565	257,398,250	17,434,000	285,544,815	7,061,700	-	7,061,700	278,483,115	4044%	2331%	1513%	1009%
2055	8,093,411	306,220,250	17,434,000	331,747,661	5,692,950	225,000,000	230,692,950	101,054,711	144%	143%	141%	139%
2056	5,563,723	138,481,250	6,260,000	150,304,973	2,636,700	-	2,636,700	147,668,273	5700%	3287%	2145%	1430%
2057	3,542,375	181,829,250	6,260,000	191,631,625	659,175	150,000,000	150,659,175	40,972,450	127%	128%	130%	132%
Total					<u>\$ 540,596,734</u>	<u>\$ 1,253,000,000</u>	<u>\$ 1,793,596,734</u>					

(1) Excess of annual revenues over administrative expenses and net swap payments.

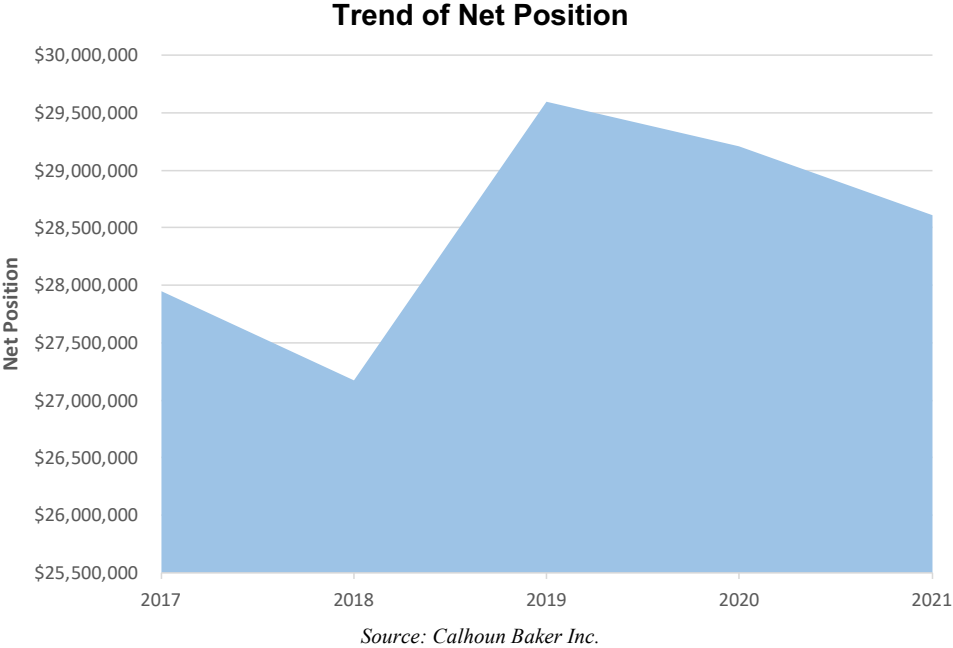
(2) Recycling Fund deposits before originating Loans. Includes over-collateralization of \$38,089,250.

(3) Includes letter of credit and remarketing fees.

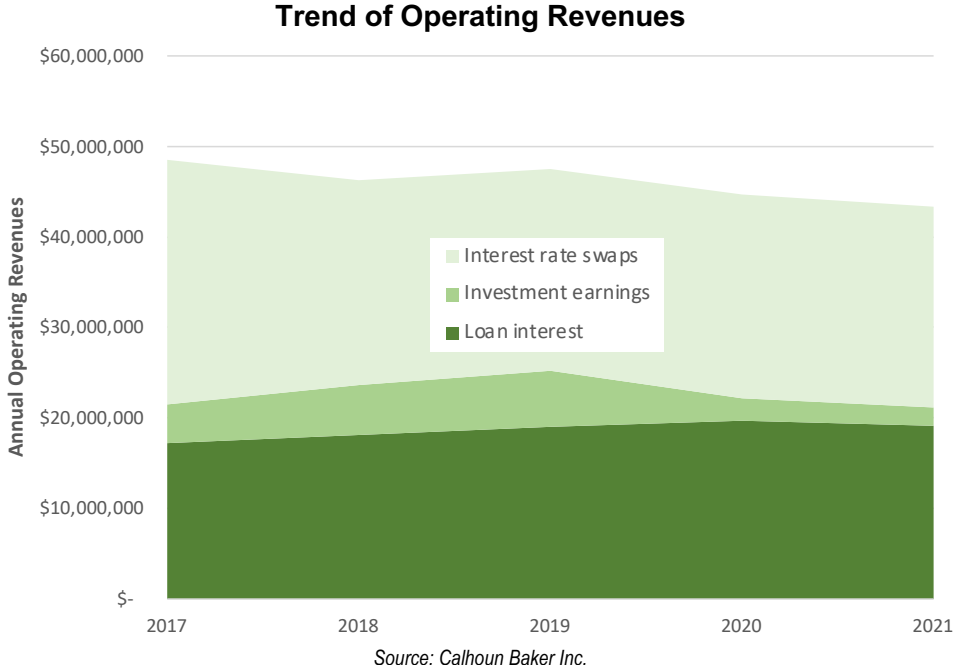
Source: Calhoun Baker Inc.

**SUMMARIES OF THE 2021 FINANCIAL STATEMENTS**

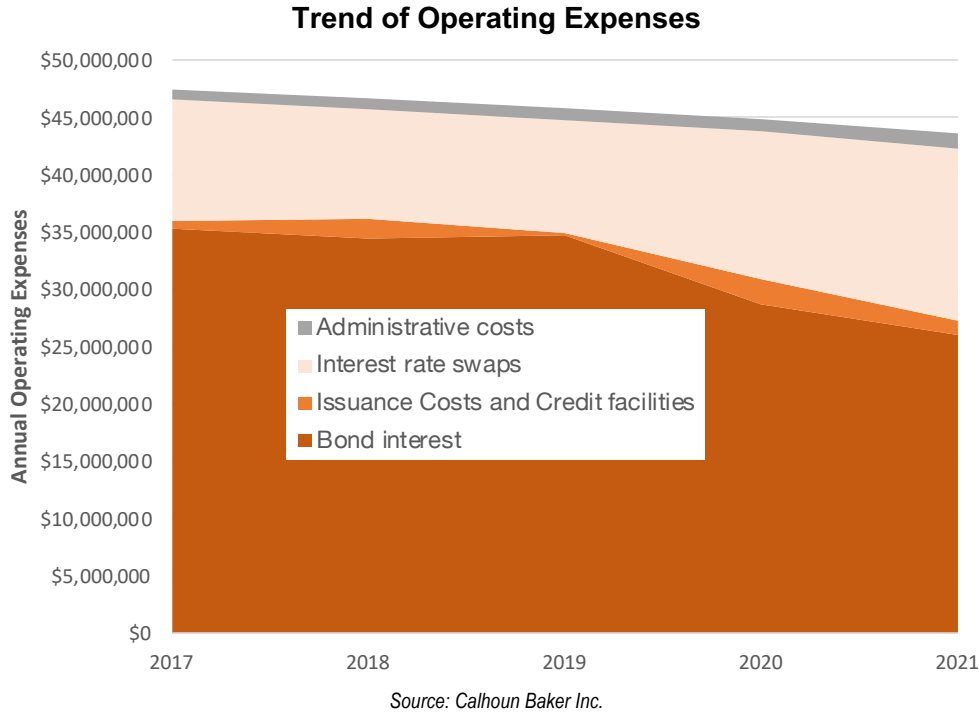
The net position of DeIVal declined in 2021 by \$597 thousand to \$28.6 million. The reduction was principally attributable to the costs of issuance of the 2021 A Series, low interest rates depressing swap receipts and investment earnings, and increased credit facility costs and administrative expenses. The reductions of net position in 2018 and 2020 were principally due to the incurrence of costs of issuance.



Operating revenues declined by \$1.38 million in 2021. Loan interest revenues declined by \$616,000, investment earnings declined by \$371,000, and swap interest revenues declined by \$389,000 primarily due to historically low floating interest rates.



Operating expenses decreased by \$1.28 million in 2021 principally due to the low floating interest rates. Bond interest expenses declined by \$2.75 million due to the lower interest rates. Swap interest expenses increased by \$2.14 million due to the increase of Loans outstanding and the related notional amount of Loan Swaps. Administrative expenses increased by \$216,000 and credit facility fees by \$421,000 principally due to the security and remarketing costs of the 2020 C and D Series.



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The five-year Comparative Statements of Revenues, Expenses, and Changes in Net Position Information are set forth below. Costs of issuance are treated as an operating expense. DelVal received large payments in 2017 and 2019 from settlements of class action lawsuits on bid rigging of investments and interest rate swap transactions. DelVal received a settlement of \$18,529 from another class action lawsuit on January 10, 2022.

**Delaware Valley Regional Finance Authority  
Comparative Statements of Revenues, Expenses, and  
Changes in Net Position Information  
Years Ended December 31**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Loan interest	\$ 17,169,131	\$ 18,072,213	\$ 19,021,507	\$ 19,699,151	\$ 19,083,168
Interest rate swaps	27,063,208	22,677,698	22,243,921	22,544,794	22,156,246
Interest on investments and cash equivalents	<u>4,298,627</u>	<u>5,516,547</u>	<u>6,207,132</u>	<u>2,417,252</u>	<u>2,046,366</u>
Total revenues	<u>48,530,966</u>	<u>46,266,458</u>	<u>47,472,560</u>	<u>44,661,197</u>	<u>43,285,780</u>
Expenses:					
Interest expense:					
Bonds	35,314,903	34,423,104	34,672,499	28,721,683	25,966,172
Interest rate swaps	10,561,961	9,505,514	9,875,528	12,878,576	15,016,371
Costs of issuance	431,449	1,488,776	-	1,710,190	442,750
Credit or liquidity facility fees	229,010	283,086	226,121	456,109	877,515
Rebate expense	-	-	-	29,331	-
Administrative expenses	<u>946,735</u>	<u>952,258</u>	<u>1,012,711</u>	<u>1,120,707</u>	<u>1,336,623</u>
Total expenses	<u>47,484,058</u>	<u>46,652,738</u>	<u>45,786,859</u>	<u>44,916,596</u>	<u>43,639,431</u>
Revenues over (under) expenses	<u>1,046,908</u>	<u>(386,280)</u>	<u>1,685,701</u>	<u>(255,399)</u>	<u>(353,651)</u>
Other changes:					
Decrease (increase) of estimated rebate liability	130,000	(60,000)	(20,000)	-	(50,000)
Class action settlements	1,386,991	-	470,868	101	-
Unrealized gain (loss) on investments and restricted investments	<u>25,128</u>	<u>(325,511)</u>	<u>286,825</u>	<u>(136,355)</u>	<u>(193,291)</u>
Total other changes, net	<u>1,542,119</u>	<u>(385,511)</u>	<u>737,693</u>	<u>(136,254)</u>	<u>(243,291)</u>
Increase (decrease) in net position	2,589,027	(771,791)	2,423,394	(391,653)	(596,942)
Net position, beginning	<u>25,356,880</u>	<u>27,945,907</u>	<u>27,174,116</u>	<u>29,597,510</u>	<u>29,205,857</u>
Net position, ending	<u>\$ 27,945,907</u>	<u>\$ 27,174,116</u>	<u>\$ 29,597,510</u>	<u>\$ 29,205,857</u>	<u>\$ 28,608,915</u>

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Comparative Balance Sheet Information for the past five years is set forth below. The \$100 million Bond principal payable in 2021 is recognition of the scheduled termination on July 8, 2022, of the PNC LOC that secures the \$50 million 2007 B Series and the mandatory purchase date on September 1, 2022, of the \$50 million 2018 B Series. DeVal expects to extend or replace the PNC LOC prior to its scheduled termination date. The 2018 B Series was redeemed on February 10, 2022.

**Delaware Valley Regional Finance Authority  
Comparative Balance Sheet Information  
Years Ended December 31**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$ 79,600,862	\$ 140,847,632	\$ 96,109,784	\$ 55,208,582	\$ 52,947,186
Restricted cash equivalents	45,300,000	40,300,000	40,300,000	40,513,000	55,706,000
Investments	-	-	-	-	1,247,212
Restricted investments	-	-	-	-	20,696,575
Accrued interest receivable:					
Loans	439,298	485,480	392,392	339,657	340,788
Interest rate swaps	6,222,764	5,840,904	5,817,283	5,748,766	5,735,730
Cash equivalents and investments	194,162	343,447	202,046	68,321	40,896
Prepaid expenses	91,448	91,955	96,259	77,964	92,733
Loans to local governments	<u>62,185,024</u>	<u>66,460,500</u>	<u>75,234,093</u>	<u>79,351,300</u>	<u>100,003,200</u>
Total current assets	<u>194,033,558</u>	<u>254,369,918</u>	<u>218,151,857</u>	<u>181,307,590</u>	<u>236,810,320</u>
<b>NONCURRENT ASSETS:</b>					
Investments	8,760,004	1,518,741	1,532,239	-	-
Restricted investments	31,702,115	32,467,867	32,741,194	34,137,078	-
Loans to local governments	726,109,000	732,425,500	769,773,500	893,652,200	916,164,800
Unamortized prepaid interest rate swap expense	5,578,183	4,996,458	4,413,139	3,831,415	3,249,690
Fair value of derivative transactions	<u>122,352,200</u>	<u>101,018,546</u>	<u>113,464,244</u>	<u>101,189,440</u>	<u>91,562,935</u>
Total noncurrent assets	<u>894,501,502</u>	<u>872,427,112</u>	<u>921,924,316</u>	<u>1,032,810,133</u>	<u>1,010,977,425</u>
<b>TOTAL</b>	<u><b>\$1,088,535,060</b></u>	<u><b>\$1,126,797,030</b></u>	<u><b>\$1,140,076,173</b></u>	<u><b>\$1,214,117,723</b></u>	<u><b>\$1,247,787,745</b></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>					
<b>CURRENT LIABILITIES:</b>					
Accrued expenses	\$ 79,995	\$ 13,773	\$ 9,398	\$ 43,473	\$ 11,472
Bond principal payable	50,000,000	-	20,000,000	-	100,000,000
Accrued interest payable:					
Interest rate swaps	397,871	658,013	403,540	183,778	43,844
Bonds	<u>12,915,262</u>	<u>12,637,059</u>	<u>12,463,169</u>	<u>14,412,450</u>	<u>14,905,494</u>
Total current liabilities	<u>63,393,128</u>	<u>13,308,845</u>	<u>32,876,107</u>	<u>14,639,701</u>	<u>114,960,810</u>
<b>LONG TERM LIABILITIES:</b>					
Bonds payable, net	874,773,825	985,165,523	963,988,312	1,068,932,725	1,012,455,085
Estimated rebate liability	<u>70,000</u>	<u>130,000</u>	<u>150,000</u>	<u>150,000</u>	<u>200,000</u>
Total long term liabilities	<u>874,843,825</u>	<u>985,295,523</u>	<u>964,138,312</u>	<u>1,069,082,725</u>	<u>1,012,655,085</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Accumulated increase in fair value of hedging derivatives	<u>122,352,200</u>	<u>101,018,546</u>	<u>113,464,244</u>	<u>101,189,440</u>	<u>91,562,935</u>
Total liabilities and deferred inflows of resources	1,060,589,153	1,099,622,914	1,110,478,663	1,184,911,866	1,219,178,830
<b>NET POSITION</b>	<u>27,945,907</u>	<u>27,174,116</u>	<u>29,597,510</u>	<u>29,205,857</u>	<u>28,608,915</u>
<b>TOTAL</b>	<u><b>\$1,088,535,060</b></u>	<u><b>\$1,126,797,030</b></u>	<u><b>\$1,140,076,173</b></u>	<u><b>\$1,214,117,723</b></u>	<u><b>\$1,247,787,745</b></u>

The Comparative Statement of Cash Flows Information for the past five years is set forth on the following page. Cash flows from investing and financing activities are treated as operating activities.

**Delaware Valley Regional Finance Authority**  
**Comparative Statement of Cash Flows Information**  
**Years Ended December 31**

	<u>2017*</u>	<u>2018*</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Cash flows from operating activities					
Interest received on loans to local governments and interest rate swap agreements	\$ 44,114,804	\$ 41,085,590	\$ 41,383,731	\$ 42,363,602	\$ 41,251,320
Payment of interest on bonds and interest rate swap agreements	(51,604,580)	(44,805,257)	(45,571,877)	(42,976,008)	(43,908,099)
Loans to local governments	(44,773,000)	(107,870,000)	(138,602,000)	(211,558,000)	(126,267,000)
Repayments of loan principal from local governments	84,040,976	97,278,024	92,480,407	83,562,031	83,102,500
Administrative expenses paid	(945,530)	(948,391)	(1,021,390)	(1,068,337)	(1,383,393)
Interest received on investments and cash equivalents	4,205,940	5,367,262	6,348,534	2,550,977	2,073,791
Credit or liquidity facility fees paid	(168,361)	(353,682)	(226,121)	(456,109)	(877,515)
Rebate payment	-	-	-	(29,331)	-
Proceeds of bond issues	175,000,000	216,832,000	-	283,633,000	47,382,750
Transfers from restricted accounts	9,698,147	3,967,000	-	-	-
Class action settlement	1,386,991	-	470,868	101	-
Bond issuance costs	(431,450)	(1,488,776)	-	(1,710,128)	(442,750)
Redemption (purchase) of investments and restricted investments	37,662,040	2,183,000	-	-	12,000,000
Payment of bond principal	<u>(267,000,000)</u>	<u>(155,000,000)</u>	<u>-</u>	<u>(195,000,000)</u>	<u>-</u>
Net cash provided by (used in) operating activities and Net cash provided by operating activities and increase (decrease) in cash and cash equivalents	(8,814,023)	56,246,770	(44,737,848)	(40,688,202)	12,931,604
Cash and cash equivalents and restricted cash and cash equivalents, beginning	<u>133,714,885</u>	<u>124,900,862</u>	<u>181,147,632</u>	<u>136,409,784</u>	<u>95,721,582</u>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 124,900,862</u>	<u>\$ 181,147,632</u>	<u>\$ 136,409,784</u>	<u>\$ 95,721,582</u>	<u>\$ 108,653,186</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET					
Cash and cash equivalents, ending	\$ 79,600,862	\$ 140,847,632	\$ 96,109,784	\$ 55,208,582	\$ 52,947,186
Restricted cash and cash equivalents, ending	<u>45,300,000</u>	<u>40,300,000</u>	<u>40,300,000</u>	<u>40,513,000</u>	<u>55,706,000</u>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 124,900,862</u>	<u>\$ 181,147,632</u>	<u>\$ 136,409,784</u>	<u>\$ 95,721,582</u>	<u>\$ 108,653,186</u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Change in net position	<u>\$ 2,589,027</u>	<u>\$ (771,791)</u>	<u>\$ 2,423,394</u>	<u>\$ (391,653)</u>	<u>\$ (596,942)</u>
Adjustments for other revenues, expenses, and transfers					
Increase (decrease) of estimated rebate liability	(130,000)	60,000	20,000	-	50,000
Unamortized prepaid interest rate swap expense	581,724	581,725	583,319	581,724	581,725
Adjustments for changes in assets and liabilities					
Decrease (increase) in:					
Investments	36,822,059	7,241,263	(13,498)	1,532,239	(1,247,212)
Restricted investments	10,513,000	(765,752)	(273,327)	(1,395,884)	13,440,503
Accrued interest receivable:					
Loans	(26,418)	(46,182)	93,088	52,735	(1,131)
Interest rate swaps	(91,116)	381,860	23,621	68,517	13,036
Cash equivalents and investments	(92,687)	(149,285)	141,401	133,725	27,424
Prepaid expenses	(2,917)	(507)	(4,304)	18,294	(14,769)
Loans to local governments	39,267,976	(10,591,976)	(46,121,593)	(127,995,907)	(43,164,500)
Increase (decrease) in:					
Accrued expenses	64,770	(66,222)	(4,375)	34,075	(32,001)
Accrued interest payable:					
Interest rate swaps	77,358	260,142	(254,473)	(219,762)	(139,934)
Bonds	(5,141,859)	(278,203)	(173,890)	1,949,281	493,044
Bonds payable	<u>(93,244,940)</u>	<u>60,391,698</u>	<u>(1,177,211)</u>	<u>84,944,414</u>	<u>43,522,361</u>
Total adjustments	<u>(11,403,050)</u>	<u>57,018,561</u>	<u>(47,161,242)</u>	<u>(40,296,549)</u>	<u>13,528,546</u>
Net cash provided by (used in) operating activities	<u>\$ (8,814,023)</u>	<u>\$ 56,246,770</u>	<u>\$ (44,737,848)</u>	<u>\$ (40,688,202)</u>	<u>\$ 12,931,604</u>

\*Restated to include Restricted Cash and Cash Equivalents.

## OUTLOOK

DelVal expects to originate \$80 to \$100 million of new Loans in 2022. DelVal expects the demand for Loans from smaller Participants will decline due to the availability of grant proceeds from the \$2.2 trillion *CARES* and the \$1.9 trillion *ARPA* programs.

DelVal expects to extend or replace the PNC LOC that secures the remarketing of the 2007 B Series on or before the scheduled termination date of July 8, 2022. DelVal expects to redeem or remarket the \$50 million 2018 C Series on or after its optional redemption date of September 1, 2022. The 2018 C Series is subject to mandatory purchase on September 1, 2023. DelVal will continue to monitor the market for opportunities to increase the funding available for Loans and to restructure its debt obligations.



Calhoun Baker Inc.  
Program Administrator  
Delaware Valley Regional Finance Authority  
April 29, 2022

## EXHIBIT I: LOANS OUTSTANDING AS OF DECEMBER 31, 2021

(Continued on the next page)

No.	Borrower	County	Participant or Guarantor Ratings			Loans Outstanding				Total Outstanding 31-Dec-21	Insured Loan Principal (1)	Concentration	
			Kroll	Moody's	S&P	1997 Series	1998 Series	2002 Series	Master Series			Borrower	Cumulative
1	Aston Township	Delaware	--	--	AA-	\$ -	\$ -	\$ 1,966,000	\$ 11,795,000	\$ 13,761,000	\$ -	1.354%	1.354%
2	Bensalem Township	Bucks	--	Aa1	--	-	13,446,000	-	7,210,000	20,656,000	-	2.033%	3.387%
3	Benton Township	Lackawanna	--	--	--	-	-	-	209,000	209,000	-	0.021%	3.408%
4	Bethel Township	Delaware	A+	--	--	-	-	-	554,000	554,000	-	0.055%	3.462%
5	Bethel Township Sewer Authority	Delaware	A+	--	--	-	-	-	1,354,000	1,354,000	-	0.133%	3.595%
6	Bridgeport Borough	Montgomery	--	A2	--	287,000	-	4,091,000	631,000	5,009,000	4,091,000	0.493%	4.088%
7	Bristol Borough	Bucks	A+	--	--	-	407,000	-	667,000	1,074,000	-	0.106%	4.194%
8	Bristol Borough School District	Bucks	--	--	A-	-	-	9,239,000	-	9,239,000	9,239,000	0.909%	5.103%
9	Bristol Borough Water & Sewer Authority	Bucks	A+	--	--	-	-	-	2,523,000	2,523,000	-	0.248%	5.351%
10	Bristol Township	Bucks	--	Aa3	--	-	-	2,076,000	61,806,000	63,882,000	-	6.287%	11.638%
11	Bristol Township School District	Bucks	--	A2	--	139,000	-	-	-	139,000	-	0.014%	11.652%
12	Brookhaven Borough	Delaware	--	--	--	-	-	1,599,000	-	1,599,000	-	0.157%	11.809%
13	Bucks County	Bucks	--	Aaa	AAA	-	60,146,000	10,651,000	1,671,200	72,468,200	-	7.132%	18.940%
14	Bucks County Airport Authority	Bucks	--	Aaa	AAA	-	-	-	962,000	962,000	-	0.095%	19.035%
15	Bucks County Community College	Bucks	--	Aaa	AAA	-	2,178,000	-	-	2,178,000	-	0.214%	19.249%
16	Bucks County Community College Authority	Bucks	--	Aaa	AAA	-	4,477,000	-	-	4,477,000	-	0.441%	19.690%
17	Caln Township	Chester	--	--	AA	-	-	-	4,506,000	4,506,000	-	0.443%	20.134%
18	Caln Township Municipal Authority	Chester	--	--	AA	-	-	-	2,581,000	2,581,000	-	0.254%	20.387%
19	Chadds Ford Township Sewer Authority	Delaware	--	--	--	78,000	-	-	1,750,000	1,828,000	1,750,000	0.180%	20.567%
20	Chalfont Borough	Bucks	--	A1	--	-	-	-	2,514,000	2,514,000	-	0.247%	20.815%
21	Chester City	Delaware	--	--	--	-	-	1,227,000	-	1,227,000	-	0.121%	20.936%
22	Chichester School District	Delaware	--	--	A+	-	-	8,005,000	7,176,000	15,181,000	-	1.494%	22.429%
23	Collegeville Borough	Montgomery	--	--	--	-	-	-	233,000	233,000	-	0.023%	22.452%
24	Concord Township	Delaware	--	Aa1	--	-	-	-	3,388,000	3,388,000	-	0.333%	22.786%
25	Delaware County	Delaware	--	Aa1	AA+	2,695,000	89,781,000	34,352,000	147,848,000	274,676,000	4,700,000	27.031%	49.816%
26	Delaware County Solid Waste Authority	Delaware	--	Aa1	AA+	-	-	6,275,000	-	6,275,000	1,160,000	0.618%	50.434%
27	Dover Area School District	York	--	A1	--	11,467,000	-	-	-	11,467,000	-	1.128%	51.562%
28	Doylestown Borough	Bucks	AA	--	--	-	-	-	6,794,000	6,794,000	-	0.669%	52.231%
29	East Bradford Township	Chester	--	--	AA	-	-	-	6,869,000	6,869,000	770,000	0.676%	52.907%
30	East Goshen Municipal Authority	Chester	AAA	Aaa	--	-	-	5,458,000	1,684,000	7,142,000	5,458,000	0.703%	53.610%
31	East Goshen Township	Chester	AAA	Aaa	--	-	759,000	-	-	759,000	-	0.075%	53.684%
32	Eddystone Borough	Delaware	--	--	--	-	-	1,783,000	274,000	2,057,000	-	0.202%	53.887%
33	Forbes Road School District	Fulton	--	--	--	-	-	-	5,455,000	5,455,000	5,455,000	0.537%	54.424%
34	Franconia Sewer Authority	Montgomery	--	--	AA-	-	-	-	11,694,000	11,694,000	-	1.151%	55.574%
35	Franconia Township	Montgomery	--	--	AA-	1,750,000	-	320,000	2,612,000	4,682,000	2,414,000	0.461%	56.035%
36	Franklin Township	Chester	--	A2	--	-	-	-	2,550,000	2,550,000	-	0.251%	56.286%
37	Garnet Valley School District	Delaware	--	--	AA	-	5,019,000	-	7,187,000	12,206,000	5,019,000	1.201%	57.487%
38	Glen Rock Sewer Authority	York	--	--	--	-	-	-	2,239,000	2,239,000	2,239,000	0.220%	57.708%
39	Glenolden Borough	Delaware	--	--	A+	109,000	53,000	-	-	162,000	-	0.016%	57.724%
40	Great Valley School District	Chester	--	Aaa	--	-	-	-	5,866,000	5,866,000	-	0.577%	58.301%
41	Hatfield Borough	Montgomery	--	--	--	-	536,000	-	5,473,000	6,009,000	3,518,000	0.591%	58.892%

(1) Certain loans are insured by Assured Guaranty Municipal Corp. ("AGM") or its affiliate Municipal Assurance Corp. ("MAC") with the Delaware Valley Regional Finance Authority as the beneficiary. AGM is rated "A2" by Moody's, "AA" by S&P, and "AA+" by Kroll. MAC is rated "AA" by S&P and "AA+" by Kroll. Certain loans are insured by Build America Mutual Assurance Company ("BAM"). BAM is currently rated "AA" with a stable outlook by S&P.

## EXHIBIT I: LOANS OUTSTANDING AS OF DECEMBER 31, 2021

(Continued on the next page)

No.	Borrower	County	Participant or Guarantor Ratings			Loans Outstanding				Total Outstanding 31-Dec-21	Insured Loan Principal (1)	Concentration	
			Kroll	Moody's	S&P	1997 Series	1998 Series	2002 Series	Master Series			Borrower	Cumulative
42	Hatfield Township	Montgomery	AA-	---	---	287,000	922,000	735,000	1,976,000	3,920,000	-	0.386%	59.278%
43	Highland Township	Chester	---	---	---	-	466,000	-	-	466,000	-	0.046%	59.324%
44	Kennett Square Borough	Chester	---	A3	---	-	-	2,805,000	6,746,000	9,551,000	9,551,000	0.940%	60.264%
45	Lampeter-Strasburg School District	Lancaster	---	---	---	-	524,000	-	591,000	1,115,000	1,115,000	0.110%	60.374%
46	Lancaster County	Lancaster	---	Aa2	---	-	-	17,640,000	-	17,640,000	17,640,000	1.736%	62.109%
47	Lansdowne Borough	Delaware	A+	---	---	-	292,000	-	1,035,000	1,327,000	-	0.131%	62.240%
48	London Britain Township	Chester	---	---	---	122,000	-	-	390,000	512,000	-	0.050%	62.290%
49	London Grove Township	Chester	---	---	AA	150,000	-	-	5,026,000	5,176,000	-	0.509%	62.800%
50	London Grove Township Municipal Authority	Chester	---	---	AA	-	-	1,617,000	3,613,000	5,230,000	-	0.515%	63.314%
51	Lower Oxford Township	Chester	---	---	---	370,000	-	-	729,000	1,099,000	-	0.108%	63.423%
52	Lower Perkiomen Valley Regional Sewer Authority	Montgomery	---	---	AA-	-	9,829,000	-	35,858,000	45,687,000	-	4.496%	67.919%
53	Lower Pottsgrove Township Authority	Montgomery	---	---	AA	-	-	5,808,000	-	5,808,000	-	0.572%	68.490%
54	Lower Providence Township	Montgomery	---	Aa2	---	-	-	390,000	1,235,000	1,625,000	1,093,000	0.160%	68.650%
55	Lower Providence Township Sewer Authority	Montgomery	---	Aa2	---	-	-	-	10,731,000	10,731,000	-	1.056%	69.706%
56	Lower Salford Township	Montgomery	---	Aa2	---	-	1,709,000	-	-	1,709,000	-	0.168%	69.874%
57	Malvern Borough	Chester	---	---	---	-	-	239,000	64,000	303,000	239,000	0.030%	69.904%
58	Marcus Hook Borough	Delaware	---	---	---	-	650,000	-	74,000	724,000	-	0.071%	69.975%
59	Marple Township	Delaware	---	---	AA	-	-	-	19,654,000	19,654,000	-	1.934%	71.909%
60	Montgomery County	Montgomery	---	Aaa	---	-	-	-	101,800	101,800	-	0.010%	71.920%
61	Montgomery Township	Montgomery	---	---	AAA	-	-	-	22,847,000	22,847,000	-	2.248%	74.168%
62	Morton Borough	Delaware	---	---	---	98,000	-	-	-	98,000	-	0.010%	74.177%
63	Nether Providence Township	Delaware	---	---	---	-	-	890,000	2,249,000	3,139,000	1,450,000	0.309%	74.486%
64	New Britain Township	Bucks	---	---	---	154,000	-	-	-	154,000	-	0.015%	74.502%
65	New Hanover Township Authority	Montgomery	---	---	---	-	-	-	306,000	306,000	306,000	0.030%	74.532%
66	Newtown Township	Delaware	---	Aaa	---	-	-	-	13,080,000	13,080,000	-	1.287%	75.819%
67	Norristown Municipality	Montgomery	---	---	A+	-	-	-	790,000	790,000	-	0.078%	75.897%
68	North Coventry Township	Chester	---	---	AA	-	1,234,000	-	-	1,234,000	-	0.121%	76.018%
69	North Coventry Water Authority	Chester	---	---	AA	-	-	-	381,000	381,000	381,000	0.037%	76.056%
70	North Wales Borough	Montgomery	---	---	---	-	-	-	1,910,000	1,910,000	-	0.188%	76.243%
71	Northeastern York County Sewer Authority	York	---	---	---	-	-	482,000	9,163,000	9,645,000	3,432,000	0.949%	77.193%
72	Northeastern York School District	York	---	---	A+	-	-	-	2,081,000	2,081,000	-	0.205%	77.397%
73	Norwood Borough	Delaware	---	---	---	-	-	-	328,000	328,000	-	0.032%	77.430%
74	Ontelaunee Township	Berks	---	---	AA-	-	-	-	1,104,000	1,104,000	1,104,000	0.109%	77.538%
75	Parquesburg Borough	Chester	---	---	---	-	-	-	134,000	134,000	134,000	0.013%	77.552%
76	Pennel Borough	Bucks	---	---	---	-	376,000	-	793,000	1,169,000	-	0.115%	77.667%
77	Pennsbury Township	Chester	AA	---	---	-	-	-	2,835,000	2,835,000	-	0.279%	77.946%
78	Perkasie Borough	Bucks	---	---	---	646,000	1,789,000	-	102,000	2,537,000	102,000	0.250%	78.195%
79	Pocopson Township	Chester	---	Aa2	---	-	-	1,044,000	579,000	1,623,000	579,000	0.160%	78.355%
80	Pottstown School District	Montgomery	---	A1	---	-	-	-	136,000	136,000	136,000	0.013%	78.368%
81	Prospect Park Borough	Delaware	---	---	---	-	-	-	1,363,000	1,363,000	-	0.134%	78.502%
82	Quakertown Community School District	Bucks	---	Aa3	---	790,000	-	-	-	790,000	-	0.078%	78.580%

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## EXHIBIT I: LOANS OUTSTANDING AS OF DECEMBER 31, 2021

No.	Borrower	County	Participant or Guarantor Ratings			Loans Outstanding				Total Outstanding 31-Dec-21	Insured Loan Principal (1)	Concentration		
			Kroll	Moody's	S&P	1997 Series	1998 Series	2002 Series	Master Series			Borrower	Cumulative	
83	Red Lion Area School District	York	--	Aa3	AA-	-	-	-	10,591,000	10,591,000	-	1.042%	79.622%	
84	Ridley School District	Delaware	--	--	A+	-	-	-	6,387,000	6,387,000	-	0.629%	80.251%	
85	Ridley Township	Delaware	--	--	AA-	588,000	-	-	12,687,000	13,275,000	-	1.306%	81.557%	
86	Rockledge Borough	Montgomery	--	--	--	171,000	-	-	-	171,000	-	0.017%	81.574%	
87	Rose Tree Media School District	Delaware	--	--	AA	-	4,040,000	-	7,725,000	11,765,000	-	1.158%	82.732%	
88	Rutledge Borough	Delaware	--	--	--	-	-	-	65,000	65,000	-	0.006%	82.738%	
89	Solebury Township	Bucks	--	Aa1	--	-	2,206,000	-	-	2,206,000	-	0.217%	82.955%	
90	South Coventry Township	Chester	--	--	--	423,000	-	-	-	423,000	-	0.042%	82.997%	
91	South Eastern School District	York	--	--	AA	-	748,000	-	-	748,000	748,000	0.074%	83.071%	
92	Southern Delaware County Authority	Delaware	--	--	--	252,000	-	-	-	252,000	-	0.025%	83.096%	
93	Spring Grove Borough	York	--	--	A	-	-	-	103,000	103,000	-	0.010%	83.106%	
94	Springfield Township	Delaware	--	--	--	-	1,093,000	-	-	1,093,000	-	0.108%	83.213%	
95	Springfield Township, York County, Sewer Authority	York	--	--	--	-	-	3,541,000	-	3,541,000	3,541,000	0.348%	83.562%	
96	Stroudsburg Area School District	Monroe	--	A1	A+	-	6,854,000	-	13,594,000	20,448,000	6,854,000	2.012%	85.574%	
97	Swarthmore Borough	Delaware	--	--	--	-	466,000	-	335,000	801,000	273,000	0.079%	85.653%	
98	Tinicum Township (Bucks)	Bucks	A+	--	--	-	-	-	5,789,000	5,789,000	-	0.570%	86.222%	
99	Tinicum Township (Delaware)	Delaware	--	Aa3	--	-	468,000	229,000	9,392,000	10,089,000	983,000	0.993%	87.215%	
100	Towamencin Municipal Authority	Montgomery	--	--	AA	-	-	-	7,163,000	7,163,000	-	0.705%	87.920%	
101	Towamencin Township	Montgomery	--	--	AA	-	-	-	9,368,000	9,368,000	2,618,000	0.922%	88.842%	
102	Towamencin Township Infrastructure Authority	Montgomery	--	--	AA	-	-	-	5,187,000	5,187,000	-	0.510%	89.353%	
103	Union County	Union	--	--	--	-	-	1,005,000	-	1,005,000	-	0.099%	89.451%	
104	Upland Borough	Delaware	A-	--	--	-	-	-	604,000	604,000	-	0.059%	89.511%	
105	Upper Chichester Township	Delaware	--	--	--	-	80,000	-	78,000	158,000	78,000	0.016%	89.526%	
106	Upper Dublin Township	Montgomery	--	Aa1	--	-	4,122,000	-	19,682,000	23,804,000	-	2.343%	91.869%	
107	Upper Dublin Township Municipal Authority	Montgomery	--	Aa1	--	-	-	-	5,475,000	5,475,000	-	0.539%	92.408%	
108	Upper Pottsgrove Township	Montgomery	--	A1	--	-	399,000	-	-	399,000	-	0.039%	92.447%	
109	Upper Providence Township (Delaware)	Delaware	--	--	AA-	-	-	-	730,000	730,000	-	0.072%	92.519%	
110	Upper Providence Township Sewer Authority	Delaware	--	--	AA-	-	1,568,000	-	7,601,000	9,169,000	-	0.902%	93.421%	
111	Upper Salford Township	Montgomery	--	--	--	-	-	-	677,000	677,000	-	0.067%	93.488%	
112	Upper Southampton Municipal Authority	Bucks	AA	--	--	331,000	262,000	4,871,000	7,253,000	12,717,000	-	1.251%	94.739%	
113	Upper Southampton Township	Bucks	AA	--	--	-	694,000	52,000	1,862,000	2,608,000	231,000	0.257%	94.996%	
114	Uwchlan Township	Chester	--	Aa1	--	518,000	-	-	-	518,000	-	0.051%	95.047%	
115	Wallingford-Swarthmore School District	Delaware	--	--	AA	-	-	-	20,116,000	20,116,000	-	1.980%	97.026%	
116	Warminster Township	Bucks	--	--	A	-	-	-	14,431,000	14,431,000	-	1.420%	98.447%	
117	West Fallowfield Township	Chester	--	--	--	-	319,000	-	-	319,000	-	0.031%	98.478%	
118	West Goshen Township	Chester	AA+	--	AA+	-	-	-	3,612,000	3,612,000	-	0.355%	98.833%	
119	West Pottsgrove Township	Montgomery	--	--	--	-	-	-	1,393,000	1,393,000	1,393,000	0.137%	98.971%	
120	West Sadsbury Township	Chester	--	--	--	-	407,000	-	-	407,000	-	0.040%	99.011%	
121	Yeadon Borough	Delaware	--	--	--	-	2,111,000	1,319,000	5,453,000	8,883,000	-	0.874%	99.885%	
122	York City School District	York	--	Baa2	A-	-	-	-	1,171,000	1,171,000	1,171,000	0.115%	100.000%	
Total Loans Outstanding						<u>\$21,425,000</u>	<u>\$220,430,000</u>	<u>\$129,709,000</u>	<u>\$644,604,000</u>	<u>\$ 1,016,168,000</u>	<u>\$100,965,000</u>			

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## **Independent Auditors' Report**

To the Board of Directors of  
Delaware Valley Regional Finance Authority

### **Opinion**

We have audited the accompanying financial statements of Delaware Valley Regional Finance Authority (DeVal), which comprise the balance sheet as of December 31, 2021, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delaware Valley Regional Finance Authority as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DeVal and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the DeVal's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DeVal's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the DeVal's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

#### **Other Matters**

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 1 through 39 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Baker Tilly US, LLP*

Philadelphia, Pennsylvania  
April 29, 2022

**DELAWARE VALLEY REGIONAL FINANCE AUTHORITY**  
**BALANCE SHEET**  
**DECEMBER 31, 2021**

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 52,947,186
Restricted cash equivalents	55,706,000
Investments	1,247,212
Restricted investments	20,696,575
Accrued interest receivable:	
Loans	340,788
Interest rate swaps	5,735,730
Cash equivalents and investments	40,896
Prepaid expenses	92,733
Loans to local governments	<u>100,003,200</u>
Total current assets	<u>236,810,320</u>
NONCURRENT ASSETS:	
Loans to local governments	916,164,800
Unamortized prepaid interest rate swap expense	3,249,690
Fair value of derivative transactions	<u>91,562,935</u>
Total noncurrent assets	<u>1,010,977,425</u>
TOTAL	<u><u>\$ 1,247,787,745</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
CURRENT LIABILITIES:	
Accrued expenses	\$ 11,472
Bond principal payable	100,000,000
Accrued interest payable:	
Interest rate swaps	43,844
Bonds	<u>14,905,494</u>
Total current liabilities	<u>114,960,810</u>
LONG TERM LIABILITIES:	
Bonds payable, net	1,012,455,085
Estimated rebate liability	<u>200,000</u>
Total long term liabilities	<u>1,012,655,085</u>
DEFERRED INFLOWS OF RESOURCES:	
Accumulated increase in fair value of hedging derivatives	<u>91,562,935</u>
Total liabilities and deferred inflows of resources	1,219,178,830
NET POSITION	<u>28,608,915</u>
TOTAL	<u><u>\$ 1,247,787,745</u></u>

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See Notes to Financial Statements

**DELAWARE VALLEY REGIONAL FINANCE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2021**

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Revenues:	
Loan interest	\$ 19,083,168
Interest rate swap	22,156,246
Interest on investments and cash equivalents	<u>2,046,366</u>
Total revenues	<u>43,285,780</u>
Expenses:	
Interest expense:	
Bonds	25,966,172
Interest rate swaps	15,016,371
Costs of issuance	442,750
Credit or liquidity facility fees	877,515
Administrative expenses	<u>1,336,623</u>
Total expenses	<u>43,639,431</u>
Revenues under expenses	<u>(353,651)</u>
Other changes:	
Increase of estimated rebate liability	(50,000)
Unrealized loss on restricted investments	<u>(193,291)</u>
Total other changes, net	<u>(243,291)</u>
Decrease in net position	(596,942)
Net position, beginning	<u>29,205,857</u>
Net position, ending	<u><u>\$ 28,608,915</u></u>

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See Notes to Financial Statements

**DELAWARE VALLEY REGIONAL FINANCE AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2021**

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Cash flows from operating activities	
Interest received on loans to local governments and interest rate swap agreements	\$ 41,251,320
Payment of interest on bonds and interest rate swap agreements	(43,908,099)
Loans to local governments	(126,267,000)
Repayments of loan principal from local governments	83,102,500
Administrative expenses paid	(1,383,393)
Interest received on investments and cash equivalents	2,073,791
Credit or liquidity facility fees paid	(877,515)
Proceeds of bond issues	47,382,750
Bond issuance costs	(442,750)
Redemption of investments and restricted investments	<u>12,000,000</u>
 Net cash provided by operating activities and increase in cash and cash equivalents	 12,931,604
 Cash and cash equivalents and restricted cash and cash equivalents, beginning	 <u>95,721,582</u>
 Cash and cash equivalents and restricted cash and cash equivalents, ending	 <u>\$ 108,653,186</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS  
AND RESTRICTED CASH AND CASH EQUIVALENTS  
TO THE BALANCE SHEET

Cash and cash equivalents, ending	\$ 52,947,186
Restricted cash and cash equivalents, ending	<u>55,706,000</u>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 108,653,186</u>

RECONCILIATION OF CHANGE IN NET POSITION  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Change in net position	\$ <u>(596,942)</u>
Adjustments for other revenues, expenses, and transfers	
Increase of estimated rebate liability	50,000
Unamortized prepaid interest rate swap expense	581,725
Adjustments for changes in assets and liabilities	
Decrease (increase) in:	
Investments	(1,247,212)
Restricted investments	13,440,503
Accrued interest receivable:	
Loans	(1,131)
Interest rate swaps	13,036
Cash equivalents and investments	27,424
Prepaid expenses	(14,769)
Loans to local governments	(43,164,500)
Increase (decrease) in:	
Accrued expenses	(32,001)
Accrued interest payable:	
Interest rate swaps	(139,934)
Bonds	493,044
Bonds payable	<u>43,522,361</u>
Total adjustments	<u>13,528,546</u>
Net cash provided by operating activities	<u>\$ 12,931,604</u>

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See Notes to Financial Statements

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

The Delaware Valley Regional Finance Authority (“DelVal”) was formed in 1985 by Bucks, Chester, Delaware, and Montgomery Counties in Pennsylvania (the “Counties”). The purpose of DelVal is to provide funds for capital projects to local governments within the Commonwealth of Pennsylvania (the “Loan Program”). Eligible borrowers (each a “Participant”) include school districts, townships, boroughs, cities, counties, and authorities. Since its inception, DelVal has originated 599 loans (each a “Loan”) in the aggregate principal amount of approximately \$3.77 billion to 209 different local governments located in 16 counties of Pennsylvania. DelVal has never experienced a default on a Loan.

The Board of Directors of DelVal is comprised of five members appointed by the Counties. Each year, on a rotating basis, one of the Counties appoints one Director to a term of five years. The Board appoints the administrator (the “Administrator”), solicitor, bond counsel, remarketing agents, credit facility providers, and trustees who manage the daily operations of DelVal and its Loan Program.

Eight series of bonds (each a “DelVal Series”) in the aggregate par amount of approximately \$1.1 billion were outstanding to fund the Loan Program as of December 31, 2021:

- 1) \$28,000,000 Local Government Revenue Bonds, 1997 Series B and C (the “1997 Series”),
- 2) \$250,000,000 Local Government Revenue Bonds, 1998 Series A (the “1998 Series”),
- 3) \$125,000,000 Local Government Revenue Bonds, 2002 Series C (the “2002 Series”),
- 4) \$160,000,000 Local Government Revenue Bonds, 2007 Series A, B and C (the “2007 Series”),
- 5) \$215,000,000 Local Government Revenue Bonds, 2018 Series A, B, C, D, and E (the “2018 Series”),
- 6) \$100,000,000 Local Government Revenue Bonds, 2020 Series A (the “2020 A Series”),
- 7) \$175,000,000 Local Government Revenue Bonds, 2020 Series B, C, and D (the “2020 BCD Series”),  
and
- 8) \$45,000,000 Local Government Revenue Bonds, 2021 Series A (the “2021 A Series”).

On February 10, 2022, DelVal issued the \$155,000,000 Local Government Revenue Bonds, 2022 Series A, B, and C (the “2022 Series”) and optionally redeemed the \$50,000,000 of the 2007 Series and \$50,000,000 of the 2018 Series.

The 1997, 1998, and 2002 Series are secured by the Loan agreements (each a “Loan Agreement”) and other assets related to each respective series. All DelVal Series issued since 2007 (collectively, the “Master Series”) were issued under a master indenture (the “Master Indenture”), and they are equally and ratably secured by all of the Loan Agreements and other assets under the Master Indenture. Bondholders of the DelVal Series are also secured by the Covenant Agreement. Under the Covenant Agreement, DelVal is obligated to transfer any available unrestricted funds (the “Excess Funds”) from any DelVal Series to cover any deficiency of any other DelVal Series. The Covenant Agreement also requires DelVal to maintain a Loan portfolio with no more than 10% of its available funding originated to Participants that are not rated or insured or rated below “A3” by Moody’s Investors Service (“Moody’s”) or “A-” by S&P Global Ratings (“S&P”).

Each Loan Agreement to a Participant with taxing power is secured by the full faith, credit, and taxing power pledge of the Participant. Each Loan to a Participant that does not have taxing power (principally, authorities) must be secured by a financial guaranty policy (each a “Participant Credit

Enhancement”) or a guaranty (each a “Guaranty”) of the full faith, credit, and taxing power of a local government unit (each a “Guarantor”) if that Participant is not rated “AA-” or higher by S&P or “Aa3” or higher by Moody’s.

### **Basis of Accounting**

Operations of DelVal are intended to be self-supporting, primarily from Loan repayments, investment earnings, and interest rate swap revenues. Accordingly, DelVal is accounted for as a special-purpose government, business-type activity and utilizes the accrual basis of accounting in which revenues are recognized when earned and expenses are recognized when incurred. DelVal maintains its accounting in accordance with generally accepted accounting principles in the United States of America (“GAAP”) as applied to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (“GASB”).

### **Cash, Cash Equivalents, Restricted Cash Equivalents, Investments, and Restricted Investments**

DelVal considers all highly liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents or restricted cash equivalents. DelVal also considers guaranteed investment contracts (each a “GIC”) and debt instruments that can be redeemed or tendered at par within 90 days or less of the balance sheet date to be highly liquid debt instruments and cash equivalents or restricted cash equivalents. Investments and restricted investments purchased that mature in more than 90 days and cannot be redeemed or tendered at par within 90 days of the balance sheet date are recorded at fair value.

### **Loans to Local Governments**

Loans, which DelVal has the intent and ability to hold for the foreseeable future or until maturity or early redemption, are stated at their outstanding unpaid principal balances. DelVal assesses an origination fee, currently 0.10% of the principal amount, at the closing of the Loans. The origination fees are recognized as Loan interest income when the fees have been received. Given the credit quality of the Loan portfolio and the historical absence of any payment defaults, DelVal does not provide an allowance for non-performing Loans.

### **Bonds Payable**

The DelVal Series are stated at their unpaid principal balances less the unamortized bond insurance premiums plus the unamortized original issue premium. Bond issuance costs (consisting of underwriting fees, professional fees, and all other costs except bond insurance premiums incurred in connection with issuance of the various DelVal Series) are recognized as an expense when the costs are paid. Bond insurance premiums and original issue premiums are amortized to bond interest expense using the straight-line method over the terms of the related DelVal Series, which approximates the effective interest method.

### **Estimated Rebate Liability**

The *Internal Revenue Code* obligates DelVal to yield restrict or to rebate to the United States Treasury investment earnings in excess of the bond yield of each respective DelVal Series. The estimated excess investment earnings are recorded as a liability, and the annual change in the estimated excess investment earnings is recorded as an expense or revenue.

### **Derivative Financial Instruments**

Effective January 1, 2010, DelVal adopted the GASB Statement No. 53 (“GASB 53”), *Accounting and Financial Reporting for Derivative Instruments*, which requires the fair value of interest rate swap

agreements to be reported on the balance sheet. DelVal utilizes the accrual method to record interest rate swap expenses and revenues. Prepaid swap expenses are amortized using the straight-line method over the terms of the related swap transactions. Swap revenues and expenses and the amortization of prepaid swap expenses for the year ended December 31, 2021, are reflected in the statement of revenues, expenses, and changes in net position. Changes in the fair value of the swap transactions are shown in “NOTE 6. DERIVATIVE FINANCIAL INSTRUMENTS”, but they are not reflected as income or expense in the financial statements because the transactions meet the definition of hedging derivative transactions under GASB 53.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. CASH, CASH EQUIVALENTS, INVESTMENTS, RESTRICTED CASH EQUIVALENTS, AND RESTRICTED INVESTMENTS**

DelVal’s cash, cash equivalents, and investments are used to originate loans and to pay the costs of operations of DelVal’s Loan Program. Restricted cash equivalents and restricted investments are held as security for debt service payments on the DelVal Series. All of DelVal’s cash, cash equivalents, investments, restricted cash equivalents, and restricted investments are held by the Trustee under the Trust Estates of the DelVal Series for the benefit of the bondholders. Under the terms of the Covenant Agreement, as long as any DelVal Series is outstanding, the deposits are restricted to use in DelVal’s Loan Program.

DelVal’s cash is invested in U.S. Treasury and Agency money market funds. DelVal’s cash equivalents and restricted cash equivalents are comprised of securities with original maturities of 90 days or less and GIC’s. The GIC’s are treated as cash equivalents and restricted cash equivalents because the interest rates are adjusted weekly and because DelVal can withdraw funds at par with no more than 7 days of notice. The restricted investments consist of floating rate notes (each an “FRN”) with interest rates indexed to 3-Month LIBOR adjusted quarterly. DelVal’s cash, cash equivalents, restricted cash equivalents, and restricted investments on December 31, 2021, are set forth below.

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**Cash Equivalents, Restricted Cash Equivalents, and  
 Restricted Investments as of December 31, 2021**

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
Cash equivalents	\$ 4,708,446	\$ 10,552,541	\$ 14,580,116	\$ 23,106,083	\$ 52,947,186
Investments (1)	-	-	-	1,247,212	1,247,212
Cash equivalents	<u>\$ 4,708,446</u>	<u>\$ 10,552,541</u>	<u>\$ 14,580,116</u>	<u>\$ 24,353,295</u>	<u>\$ 54,194,398</u>
Restricted accounts					
Cash equivalents	\$ 2,800,000	\$ 25,000,000	\$ 12,500,000	\$ 15,406,000	\$ 55,706,000
Investments (1)	-	-	-	20,696,575	20,696,575
Total	<u>\$ 2,800,000</u>	<u>\$ 25,000,000</u>	<u>\$ 12,500,000</u>	<u>\$ 36,102,575</u>	<u>\$ 76,402,575</u>

(1) Recorded at fair value.

The DelVal Board of Directors has not adopted a formal investment policy; however, the Indentures of the DelVal Series serve the same purpose. Eligible investments under the Master Indenture must, at the time of the purchase or execution, meet the following rating thresholds: (i) for investments with a maturity or option to tender of 360 days or less, a rating of “A-1” or “A-1+” by S&P, “P-1” or “VMIG 1” by Moody’s, “F1” or “F1+” by Fitch Ratings (“Fitch”), or an equivalent rating by any other Nationally Recognized Statistical Rating Organization (each an “NRSRO”) and (ii) for investments with a maturity or option to tender greater than 360 days, counterparty or equivalent ratings of “Aa3” or higher by Moody’s, “AA-” or higher by S&P or Fitch, or an equivalent rating by any other NRSRO. Eligible investments include the following:

- 1) Cash,
- 2) Direct obligations of the U.S. Treasury,
- 3) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks,
- 4) Commercial paper,
- 5) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, “Aaa-mf” by Moody’s, “AAAmmf” by Fitch, or an equivalent rating by any other NRSRO with a published rating on the Bonds (without regard to whether the Trustee controls such money market fund),
- 6) Bonds or notes issued by federal agencies, state or local governments, or financial institutions or other corporations,
- 7) Investment agreements with an Investment Agreement Provider, approved in writing by the Administrator, and
- 8) Other forms of investments, including repurchase agreements, approved in writing by the Administrator.

The Indentures require the Administrator to approve any investment and require the Trustee to hold the investment. The cash, cash equivalents, investments, restricted cash equivalents, and restricted investments are not collateralized by the Trustee and are not insured by the Federal Deposit Insurance Corporation.

Ambac Assurance Corporation (“Ambac”) issued bond insurance policies that secure the 1997 Series and 1998 Series, and Ambac requires DelVal to invest all of the funds under the trust estates of the 1997 Series and 1998 Series in GIC’s approved by Ambac. Natixis Funding Corp. (“Natixis”), owned by

Groupe Caisse d'Épargne and Groupe Banque Populaire, provides the GIC's for the 1997 Series. The Natixis GIC's are guaranteed by Caisse des Dépôts et Consignations ("CDC"). Bayerische Landesbank ("BayernLB") provides the GIC's for the 1998 Series. The obligations of BayernLB under the GIC's for the 1998 Series are guaranteed by the Free State of Bavaria and the Association of Bavarian Savings Banks. Natixis and BayernLB pay DelVal an investment rate equal to a spread over the Securities Industry and Financial Markets Association Municipal Swap Index (the "SIFMA Index"). If the ratings applicable to the Natixis GIC's or the BayernLB GIC's drop below "Aa3" or "AA-", Ambac may direct Natixis or BayernLB to: (i) collateralize its obligations under the respective GIC with cash, U.S. Treasury obligations, or certain Agency securities or (ii) terminate the respective GIC and pay DelVal the principal and accrued interest due. If Ambac directs collateralization, the collateral must be held by a third party, segregated, and marked to market at least weekly. On December 31, 2021, the Natixis obligations guaranteed by CDC were rated "Aa2" by Moody's, "AA" by S&P, and "AA" by Fitch. The BayernLB obligations with the guaranty of the Free State of Bavaria were rated "Aaa" by Moody's and "AAA" by Fitch. S&P rates the Free State of Bavaria as "AAA", but S&P does not rate any BayernLB obligations. The Natixis GIC terminates on June 28, 2027, three business days prior to the scheduled maturity date of the 1997 Series. The BayernLB GIC terminates on July 27, 2028, three business days prior to the scheduled maturity date of the 1998 Series.

The funds of the Loan Program of the 2002 Series are invested in two GIC's provided by Natixis and guaranteed by CDC. Natixis pays DelVal an investment rate equal to a spread over the SIFMA Index. If the ratings of CDC drop below "Aa3" by Moody's or "AA-" by S&P, DelVal may direct Natixis to provide collateral to secure its obligations under the GIC's with cash, U.S. Treasury obligations, or certain Agency securities. If the ratings of CDC drop below "A3" or "A-" by Moody's and S&P, respectively, DelVal may terminate the GIC's and require the provider to pay DelVal the principal and accrued interest due. The collateral must be held by a third party, segregated, and marked to market at least weekly. On December 31, 2021, the Natixis obligations guaranteed by CDC were rated "Aa2" by Moody's, "AA" by S&P, and "AA" by Fitch. The Natixis GIC terminates on June 28, 2032, three business days prior to the scheduled maturity date of the 2002 Series.

The Debt Service Reserve Funds under the Master Series are held in restricted investments, principally FRN's. The remaining funds of the Master Series are invested principally in a GIC provided by Citigroup Financial Products Inc. ("CFPI") or in FRN's. The obligations of CFPI are secured by a guaranty of Citigroup Inc. ("Citigroup"). CFPI pays DelVal an investment rate equal to a spread over the SIFMA Index. If the ratings of Citigroup are reduced below "Aa3" by Moody's or "AA-" by S&P, DelVal may require CFPI to post collateral with a third party, and if the ratings of Citigroup are reduced below "A3" by Moody's or "A-" by S&P, DelVal may terminate the CFPI GIC. Citigroup was downgraded below the "AA" threshold in 2009, and DelVal has required CFPI to post collateral of cash, U.S. Treasury obligations, or certain Agency securities, with the Bank of New York Mellon to secure its obligations under the GIC. As of December 31, 2021, Citigroup was rated "A3" by Moody's, "BBB+" by S&P, and "A" by Fitch. The CFPI GIC terminates on May 28, 2042, three business days prior to the scheduled maturity date of the 2007 Series.

Funds held to originate new Loans were provided originally from the proceeds of the DelVal Series. Other funds were provided from DelVal's operations. DelVal's cash, cash equivalents, and investments as of December 31, 2021, allocated by use are set forth below.

**Cash, Cash Equivalents, and Investments by Use of Funds as of December 31, 2021**

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
Deposits to originate loans and repay bonds (1)	\$ 3,775,000	\$ 4,570,000	\$ 10,950,000	\$ 22,944,250	\$ 42,239,250
Available for any purpose	<u>933,446</u>	<u>5,982,541</u>	<u>3,630,116</u>	<u>161,833</u>	<u>10,707,936</u>
Total	<u>\$ 4,708,446</u>	<u>\$ 10,552,541</u>	<u>\$ 14,580,116</u>	<u>\$ 23,106,083</u>	<u>\$ 52,947,186</u>

(1) The funds to originate loans are over-collateralized by \$38,089,250.

The fair value of the instruments that constitute the cash equivalents, investments, restricted cash equivalents, and restricted investments held by DelVal on December 31, 2021, are summarized in the following table. DelVal records the fair value of the cash equivalents and restricted cash equivalents at par because the instruments either mature or can be redeemed at par within 90 days. DelVal records investments and restricted investments at fair value. As of December 31, 2021, the concentration of cash equivalents, restricted cash equivalents, investments, and restricted investments in the obligations of the Bank of Nova Scotia, National Australia Bank, BayernLB, and Natixis exceeded 5%.

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**Cash Equivalents, Investments, Restricted Cash Equivalents,  
and Restricted Investments as of December 31, 2021**

<i>Description</i>	<i>Senior Debt Rating of Counterparty or Guarantor</i>			<i>Maturity</i>	<i>Rate (6)</i>	<i>Cash Equivalents</i>	<i>Restricted Cash Equivalents</i>	<i>Fair Value Investments</i>	<i>Fair Value Restricted Investments</i>	<i>Total Fair Value</i>	<i>Fair Value Concentration</i>
	<i>Moody's</i>	<i>S&amp;P</i>	<i>Fitch</i>								
<i>Floating rate notes (1)</i>											
Bank of Nova Scotia	Aa2	***	AA	7-Mar-22	0.828%	\$ -	\$ -	\$ -	\$ 10,010,000	\$ 10,010,000	7.665%
Commonwealth Bank of Australia	Aa3	AA-	A+	10-Mar-22	0.901%	-	-	-	6,006,840	6,006,840	4.600%
National Australia Bank	Aa3	AA-	***	10-Jan-22	1.011%	-	-	-	2,000,280	2,000,280	1.532%
Westpac Banking	Aa3	AA-	A+	11-Jan-22	0.971%	-	-	1,247,212	2,679,455	3,926,667	3.007%
<i>GIC's (2)</i>											
BayemLB (3)	Aaa	***	AAA	27-Jul-28	1.730%	10,552,541	25,000,000	-	-	35,552,541	39.019%
BayemLB	Aa3	***	A-	1-Jul-26	0.480%	-	15,406,000	-	-	15,406,000	
CFPI (4)	A3	BBB+	A	28-May-42	1.271%	23,106,083	-	-	-	23,106,083	17.693%
Natixis (5)	Aa2	AA	AA	28-Jun-27	1.710%	4,708,446	2,800,000	-	-	7,508,446	26.484%
Natixis (5)	Aa2	AA	AA	28-Jun-32	1.270%	14,580,116	12,500,000	-	-	27,080,116	
Total						<u>\$ 52,947,186</u>	<u>\$ 55,706,000</u>	<u>\$ 1,247,212</u>	<u>\$ 20,696,575</u>	<u>\$ 130,596,973</u>	100.000%

- (1) Notes pay a spread over 3-Month LIBOR, adjusted and paid quarterly.  
(2) GIC's pay a spread over the SIFMA Index, adjusted weekly and paid monthly.  
(3) Obligations guaranteed by the State of Bavaria.  
(4) Obligations are collateralized and held by the Bank of New York Mellon.  
(5) Obligations are guaranteed by Caisse des Dépôts et Consignations.  
(6) Rate as of December 31, 2021.

**3. LOANS TO LOCAL GOVERNMENTS**

DelVal originates Loans to Participants to fund various capital projects pursuant to the terms, conditions, covenants and restrictions contained in the respective Trust Indentures, Promissory Notes, and Loan Agreements. Loans to Participants with taxing power are secured by pledges of the full faith, credit, and taxing power of the Participants. Loans to Participants that do not enjoy taxing power must be secured by a Participant Credit Enhancement or a Guaranty if the Participants are not rated “Aa3” or higher by Moody’s or “AA-” or higher by S&P. Currently, all of the outstanding Loans are secured by pledges of the full faith, credit and taxing power of the Participants or their Guarantors. Principal repayments of the Loans are paid in accordance with amortization schedules established at closing. The interest rates on variable rate Loans vary with market conditions, linked to the SIFMA Index. The average interest rate on variable rate Loans during 2021 was 0.744%, and interest rates on fixed rate Loans ranged from 0.632% to 5.827% for periods of one to thirty years.

Participants may prepay their Loans in whole or part with 30 days of notice to DelVal. Participants with fixed rate Loans may incur a prepayment penalty if they prepay prior to the option date or scheduled termination date of the interest rate swap transaction executed by DelVal to provide the fixed rate. If DelVal incurs a cost to terminate the transaction, that cost would be passed onto the Participant as a prepayment penalty. Variable rate Loans can be prepaid with no penalty.

As of December 31, 2021, 254 Loans in the aggregate principal amount of \$1.02 billion were outstanding to 122 different Participants located in 11 counties. Loans to Delaware County accounted for 27.031% of the total principal outstanding.

Given the pledges, Participant Credit Enhancements, and Guaranties that secure the Loans and the high credit quality of DelVal’s market area, DelVal does not reasonably expect to suffer any defaults. If a Participant did default, DelVal, the Trustee, and any Participant Credit Enhancer would exercise their legal rights to remedy the default; however, the enforcement of these legal rights may be limited by and subject to the provisions of the federal bankruptcy laws or other laws of equitable principles which may affect enforcement of the creditor’s rights.

A Participant pays an origination fee at the closing of the Loan, currently 0.50% of the principal amount, to pay the professional fees for preparation of advertisements, ordinances, resolutions, and closing documents. From this origination fee, DelVal retains an amount equal to 0.10% of the principal amount, less a \$500 fee for the Trustee, that is recognized as Loan interest income at the closing of the Loan.

A schedule of the Loans outstanding as of December 31, 2021, is shown below.

**Loans Outstanding on December 31, 2021**

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
Principal outstanding	\$ 21,425,000	\$ 220,430,000	\$ 129,709,000	\$ 644,604,000	\$ 1,016,168,000
Less current amount	<u>(4,938,000)</u>	<u>(40,439,000)</u>	<u>(9,439,000)</u>	<u>(45,187,200)</u>	<u>(100,003,200)</u>
Net amount	<u>\$ 16,487,000</u>	<u>\$ 179,991,000</u>	<u>\$ 120,270,000</u>	<u>\$ 599,416,800</u>	<u>\$ 916,164,800</u>

Interest on the Loans is payable monthly. Principal of the Loans is paid according to an amortization schedule established at the closing of each Loan, typically annual payments to provide level annual debt service. Interest rates of fixed and variable rate Loans are calculated by the Administrator to

provide funds sufficient to pay (i) debt service due on the DelVal Series, (ii) amounts due under interest rate swap agreements, and (iii) administrative expenses, including liquidity requirements, incurred to operate the Loan Program.

The minimum payments of the principal outstanding due from Loans to Participants are set forth below.

**Loan Principal Amortization Schedule**

<u>Year</u>	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
2022	\$ 4,938,000	\$ 40,439,000	\$ 9,439,000	\$ 45,187,200	\$ 100,003,200
2023	6,771,000	36,652,000	8,715,000	51,284,500	103,422,500
2024	4,115,000	38,331,000	9,032,000	44,015,700	95,493,700
2025	4,058,000	38,304,000	9,193,000	43,592,900	95,147,900
2026	880,000	23,646,000	13,154,000	44,438,100	82,118,100
Thereafter	663,000	43,058,000	80,176,000	416,085,600	539,982,600
Total	<u>\$ 21,425,000</u>	<u>\$ 220,430,000</u>	<u>\$ 129,709,000</u>	<u>\$ 644,604,000</u>	<u>\$ 1,016,168,000</u>

**Covenant Agreement**

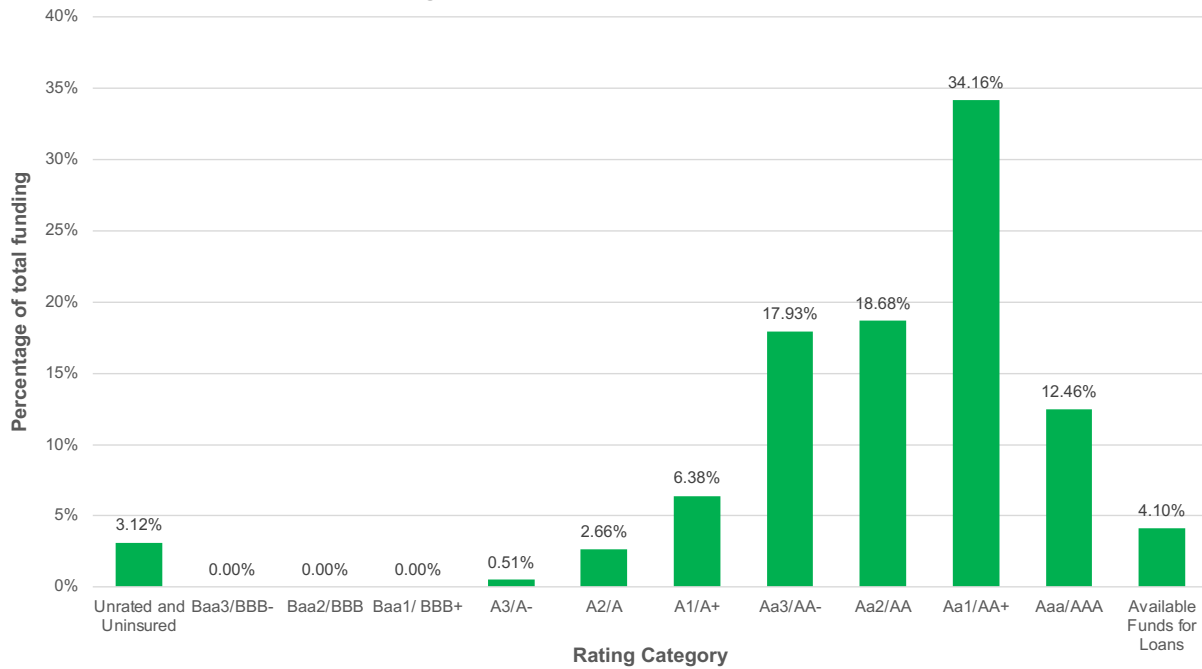
DelVal adopted the Covenant Agreement in 2001 to improve the security of the bondholders of the DelVal Series. Under the terms of the Covenant Agreement, DelVal pledged to use any Excess Funds to cure any deficiency in any trust estate. Excess Funds can only be used for the Loan Program as long as any DelVal Series remains outstanding.

The Covenant Agreement was amended and restated in 2009 to further improve the security of the bondholders. The amendment requires the Participant (or its Guarantor) of a new Loan to have a published rating of “A3” or “A-” or higher (the “Rating Threshold”) unless the proportion of the principal amounts of uninsured Loans outstanding to Participants that are rated below the Rating Threshold to the total DelVal funds available to originate Loans (the “Loan Funds”) will not exceed 10% (the “Ratings Test”). Generally, DelVal requires a published rating at or above the Rating Threshold or a Participant Credit Enhancement for any new Loan of \$1 million or more, even if the Ratings Test is satisfied. DelVal does not normally require ratings or insurance for Loans less than \$1 million if the Ratings Test is satisfied and the credit is approved by the Administrator.

Assured Guaranty Municipal Corp. (“AGM”), currently rated “A2” by Moody’s, “AA” by S&P, and “AA+” by Kroll Bond Rating Agency (“Kroll”), its affiliate, Municipal Assurance Corp. (“MAC”), rated “AA+” by Kroll and “AA” by S&P, and Build America Mutual Corp. (“BAM”), rated “AA” by S&P, have issued financial guaranty policies, with DelVal as the beneficiary, for the repayment of certain Loans. As of December 31, 2021, the repayment of 9.94% of the Loan principal outstanding has been insured.

The Ratings Test shown in the chart below gives equal weight to the ratings of the Rating Agencies. The Administrator monitors the published rating of each Participant and Guarantor. If the Participant or Guarantor has only one published rating, the analysis gives full weight to the published rating. If a Loan is insured, the analysis gives full weight to the higher of the rating of (i) the insurer or (ii) the Participant or Guarantor. As of December 31, 2021, 3.12% of the Loan Funds had been originated without insurance to Participants who were unrated or rated below the Rating Threshold. The chart shows the Loan principal outstanding in each rating category as a percentage of the Loan Funds. The “Available Funds” are deposits in the Recycling Fund that are available to originate new Loans.

### Ratings Test as of December 31, 2021



#### 4. BONDS PAYABLE

DelVal has issued bonds periodically to provide funds (a) to lend to Participants to finance and refinance the costs of projects; (b) to create debt service reserve funds; and (c) to pay all or a portion of the costs of issuance of the bonds. Currently, no direct placements or borrowings are outstanding; all of the outstanding bond series have been issued through public sales. DelVal has no taxing power. The 1997, 1998, and 2002 Series are limited obligations of DelVal, payable from and secured solely by the assets and revenues of each respective trust estate. The trust estate consists of the assets and revenues derived from proceeds of the bonds, debt service reserve funds, Loan Agreements, interest rate swap agreements, and investments. The Covenant Agreement provides additional security to all of the bonds issued, and to be issued, by DelVal as long as any of the 1997, 1998, and 2002 Series remain outstanding.

On June 28, 2007, DelVal executed the Master Indenture under which all future parity bonds would be issued. Any series issued under the Master Indenture is secured equally and ratably by all of the assets and revenues held under the trust estate of the Master Indenture. Six issues that are currently outstanding were issued under the Master Indenture and a supplemental indenture. The 2007 Series was issued under the First Supplemental Indenture on June 28, 2007; the 2018 Series was issued under the Fifth Supplemental Indenture on June 27, 2018; the 2020 A Series was issued under the Sixth Supplemental Indenture on May 1, 2020; the 2020 BCD Series was issued under the Seventh Supplemental Indenture on November 2, 2020; the 2021 A Series was issued under the Eighth Supplemental Indenture on February 3, 2021; and the 2022 Series was issued under the Ninth Supplemental Indenture on February 10, 2022.

The DelVal Series fund a revolving loan pool program. When Loans are repaid, the repayments are used to fund new Loans to Participants. DelVal operates its Loan Program as one program. Loans may be assigned from one trust estate to another, or the funding may be split among two or more trust estates to facilitate the origination of new Loans and to match Loan repayments with maturities of the DelVal Series.

The 1997 Series and 1998 Series (collectively, the “Ambac Series”) are secured by municipal bond insurance policies (the “Policies”) issued by Ambac, and the consent of Ambac for the funding of Loans from the Ambac Series is an indenture requirement. To date, Ambac has cooperated in providing consents when necessary to fund loans from the Ambac Series; however, Ambac has been in runoff operations since 2009, and the future staffing and policies of Ambac are uncertain. If Ambac is unable or unwilling to approve the funding of Loans from the Ambac Series, DelVal will be obligated under the indenture to apply the idle repayments to fund an Extraordinary Mandatory Redemption of the Ambac Series. The market price of the Ambac Series is currently higher than the price bondholders would receive under an Extraordinary Mandatory Redemption.

DelVal does not require the consent of Ambac, or any other third party, to fund Loans from the 2002 Series or the Master Series.

Below is a schedule that reconciles the par amounts of the DelVal Series outstanding to the net amounts on the Balance Sheet.

**Net Amounts of DelVal Series Outstanding on December 31, 2021**

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
Final maturity	1-Jul-2027	1-Aug-2028	1-Jul-2032	1-Nov-2055	
Par amount outstanding	\$ 28,000,000	\$ 250,000,000	\$ 125,000,000	\$ 695,000,000	\$ 1,098,000,000
Unamortized amounts					
Insurance premium	(184,436)	(336,474)	-	-	(520,910)
Original issue premium	426,191	4,076,694	2,711,196	7,761,914	14,975,995
Net amount	<u>\$ 28,241,755</u>	<u>\$ 253,740,220</u>	<u>\$ 127,711,196</u>	<u>\$ 702,761,914</u>	<u>\$ 1,112,455,085</u>

Below is a reconciliation of the beginning and ending net amounts of the outstanding DelVal Series.

**Beginning and Ending Net Amounts of DelVal Series Outstanding**

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
Beginning net amount	\$ 28,295,495	\$ 254,409,754	\$ 127,996,461	\$ 658,231,015	\$ 1,068,932,725
Amortized amounts					
Insurance premium	40,998	60,232	-	-	101,230
Original issue premium	(94,738)	(729,766)	(285,265)	(2,601,196)	(3,710,965)
New debt issued					
Par amount	-	-	-	45,000,000	45,000,000
Net original issue premium	-	-	-	2,132,095	2,132,095
Par amount redeemed	-	-	-	-	-
Ending net amount	<u>\$ 28,241,755</u>	<u>\$ 253,740,220</u>	<u>\$ 127,711,196</u>	<u>\$ 702,761,914</u>	<u>\$ 1,112,455,085</u>

The DelVal Board has adopted a Post Issuance Compliance Policy, and under the policy, the Administrator monitors and reports any compliance issues with Treasury regulations or rules of the Municipal Securities Rulemaking Board.

The principal amortization schedules and the estimated interest payments of the DelVal Series outstanding as of December 31, 2021, and February 10, 2022, are shown on the following page. The schedule as of February 10, 2022, reflects the optional redemption of \$50 million of the 2007 C Series, the

optional redemption of the \$50 million 2018 B Series, and the issuance of the \$155 million 2022 Series. Estimates of the interest payments on the variable rate bonds are based on the final rate resets in 2021 and the first resets of the 2022 Series in 2022. Letter of credit and remarketing expenses are not included in the estimates.

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**Bond Principal Amortization Schedules and Estimated Interest Payments  
Debt Outstanding as of December 31, 2021**

Year	1997 Series		1998 Series		2002 Series		Master Series		Total Debt Service		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2022	\$ -	\$ 1,801,000	\$ -	\$ 13,750,000	\$ -	\$ 7,187,500	\$ -	\$ 7,081,705	\$ -	\$ 29,820,205	\$ 29,820,205
2023	-	1,801,000	-	13,750,000	-	7,187,500	-	7,081,705	-	29,820,205	29,820,205
2024	-	1,801,000	-	13,750,000	-	7,187,500	-	7,081,705	-	29,820,205	29,820,205
2025	-	1,801,000	-	13,750,000	-	7,187,500	50,000,000	7,081,705	50,000,000	29,820,205	79,820,205
2026	-	1,801,000	-	13,750,000	-	7,187,500	-	4,581,705	-	27,320,205	27,320,205
2027 to 2031	28,000,000	1,801,000	250,000,000	27,500,000	-	35,937,500	95,000,000	19,388,423	373,000,000	84,626,923	457,626,923
2032 to 2036	-	-	-	-	125,000,000	7,187,500	10,000,000	14,747,300	135,000,000	21,934,800	156,934,800
2037 to 2041	-	-	-	-	-	-	100,000,000	11,849,698	100,000,000	11,849,698	111,849,698
2042 to 2046	-	-	-	-	-	-	10,000,000	9,136,075	10,000,000	9,136,075	19,136,075
2047 to 2051	-	-	-	-	-	-	205,000,000	3,946,376	205,000,000	3,946,376	208,946,376
2052 to 2056	-	-	-	-	-	-	225,000,000	968,333	225,000,000	968,333	225,968,333
Total	<u>\$ 28,000,000</u>	<u>\$ 10,806,000</u>	<u>\$ 250,000,000</u>	<u>\$ 96,250,000</u>	<u>\$ 125,000,000</u>	<u>\$ 79,062,500</u>	<u>\$ 695,000,000</u>	<u>\$ 92,944,730</u>	<u>\$ 1,098,000,000</u>	<u>\$ 279,063,230</u>	<u>\$ 1,377,063,230</u>

(1) Municipal bond insurance policy issued by Ambac Assurance Corporation secures the bonds to maturity.

(2) A direct-draw, letter of credit issued by PNC Bank, National Association, secures the remarketing of the \$50,000,000 2007 Series B Bonds. The stated expiration date of the facility is July 8, 2022.

A direct-draw, letter of credit issued by TD Bank N.A., secures the remarketing of the \$100,000,000 2020 A Series Bonds. The stated expiration date of the facility is May 1, 2025.

A direct-draw, letter of credit issued by TD Bank N.A., secures the remarketing of the \$75,000,000 2020 D Series Bonds. The stated expiration date of the facility is November 1, 2023.

The \$50,000,000 2018 B Series has a mandatory purchase date of September 1, 2022.

**Bond Principal Amortization Schedules and Estimated Interest Payments  
Debt Outstanding as of February 10, 2022**

Year	1997 Series (1)		1998 Series (1)		2002 Series		Master Series (2)		Total Debt Service		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2022	\$ -	\$ 1,801,000	\$ -	\$ 13,750,000	\$ -	\$ 7,187,500	\$ 100,000,000	\$ 7,449,629	\$ 100,000,000	\$ 30,188,129	\$ 130,188,129
2023	-	1,801,000	-	13,750,000	-	7,187,500	-	7,543,313	-	30,281,813	30,281,813
2024	-	1,801,000	-	13,750,000	-	7,187,500	-	7,543,313	-	30,281,813	30,281,813
2025	-	1,801,000	-	13,750,000	-	7,187,500	50,000,000	7,543,313	50,000,000	30,281,813	80,281,813
2026	-	1,801,000	-	13,750,000	-	7,187,500	-	5,043,313	-	27,781,813	27,781,813
2027 to 2031	28,000,000	1,801,000	250,000,000	27,500,000	-	35,937,500	50,000,000	23,041,563	328,000,000	88,280,063	416,280,063
2032 to 2036	-	-	-	-	125,000,000	7,187,500	10,000,000	17,716,563	135,000,000	24,904,063	159,904,063
2037 to 2041	-	-	-	-	-	-	100,000,000	14,818,961	100,000,000	14,818,961	114,818,961
2042 to 2046	-	-	-	-	-	-	10,000,000	12,105,338	10,000,000	12,105,338	22,105,338
2047 to 2051	-	-	-	-	-	-	155,000,000	7,727,148	155,000,000	7,727,148	162,727,148
2052 to 2056	-	-	-	-	-	-	225,000,000	5,186,071	225,000,000	5,186,071	230,186,071
2057 to 2061	-	-	-	-	-	-	150,000,000	210,887	150,000,000	210,887	150,210,887
<b>Total</b>	<b>\$ 28,000,000</b>	<b>\$ 10,806,000</b>	<b>\$ 250,000,000</b>	<b>\$ 96,250,000</b>	<b>\$ 125,000,000</b>	<b>\$ 79,062,500</b>	<b>\$ 850,000,000</b>	<b>\$ 115,929,412</b>	<b>\$ 1,253,000,000</b>	<b>\$ 302,047,912</b>	<b>\$ 1,555,047,912</b>

(1) Municipal bond insurance policy issued by Ambac Assurance Corporation secures the bonds to maturity.

(2) A direct-draw, letter of credit issued by PNC Bank, National Association, secures the remarketing of the \$50,000,000 2007 Series B Bonds. The stated expiration date of the facility is July 8, 2022.

A direct-draw, letter of credit issued by TD Bank N.A., secures the remarketing of the \$100,000,000 2020 A Series Bonds. The stated expiration date of the facility is May 1, 2025.

A direct-draw, letter of credit issued by TD Bank N.A., secures the remarketing of the \$75,000,000 2020 D Series Bonds. The stated expiration date of the facility is November 1, 2023.

The \$50,000,000 2018 C Series has a mandatory purchase date of September 1, 2023, and an optional redemption date of September 1, 2022.

### 1997 Series

The 1997 Series was issued in the original par amount of \$140,000,000. The 1997 Series is secured by a municipal bond insurance policy issued by Ambac. The \$70,000,000 Local Government Revenue Bonds, 1997 Series A were redeemed on June 28, 2007, with a portion of the proceeds of the 2007 Series. The Local Government Revenue Bonds, 1997 Series B (the “1997 B Series”) was issued with a \$42,000,000 maturity on July 1, 2017, and an \$18,000,000 maturity, with a 5.70% coupon, maturing on July 1, 2027. The \$10,000,000 Local Government Revenue Bonds, 1997 Series C (the “1997 C Series”) was issued with a 7.75% coupon, maturing on June 1, 2027. Interest on the 1997 Series is payable semiannually. The 1997 C Series was issued at an original issue premium of \$2,842,400.

Moody’s and S&P originally rated the 1997 Series based solely upon the municipal bond insurance policy of Ambac. Following the filing by Ambac Financial Group, Inc. (Ambac’s parent) for relief under Chapter 11 of the *United States Bankruptcy Code*, S&P withdrew its rating of the 1997 Series, and Moody’s assigned a rating based solely upon the long-term rating of DelVal. As of December 31, 2021, Moody’s had assigned a rating of “A1” with a stable outlook to the 1997 Series.

The 1997 B Series and the 1997 C Series are not subject to optional or mandatory redemption. Under certain circumstances defined in the Trust Indenture, principally the inability to originate loans for a protracted period of time, the 1997 Series may be subject to an Extraordinary Mandatory Redemption. In the event of such an extraordinary redemption, the Trust Indenture requires the 1997 B Series to be redeemed before the 1997 C Series. The 1997 B Series would be redeemed at par; the 1997 C Series would be redeemed at the premiums set forth in the Trust Indenture of the 1997 Series.

DelVal entered into a master interest rate swap agreement related to the 1997 Series and executed interest rate swap transactions for each series of the 1997 Series. Under the terms of the interest rate swap transactions, DelVal pays a rate indexed to the SIFMA Index and receives fixed rate payments for the 1997 B Series and 1997 C Series. The interest rate swap transactions related to the 1997 B Series and 1997 C Series terminate on their respective maturity dates. The interest rate swap transactions allow DelVal to hedge its exposure to changes of long-term interest rates.

### 1998 Series

The 1998 Series was issued in the par amount of \$300,000,000. The 1998 Series is secured by a municipal bond insurance policy issued by Ambac. The \$25,000,000 Local Government Revenue Bonds, 1998 Series B and the \$25,000,000 Local Government Revenue Bonds, 1998 Series C is equal to a fixed matured on August 1, 2018. The coupon on the \$250,000,000 Local Government Revenue Bonds, 1998 Series A (the “1998 A Series”) is set at 5.50%, and interest is paid semiannually. The 1998 A Series mature on August 1, 2028. The 1998 A Series was issued at an original issue premium of \$18,060,000.

Moody’s and S&P originally rated the 1998 Series solely upon the municipal bond insurance policy of Ambac. Following the filing by Ambac Financial Group, Inc. (Ambac’s parent) for relief under Chapter 11 of the *United States Bankruptcy Code*, S&P withdrew its rating of the 1998 Series. Moody’s assigned a rating to the 1998 Series based solely upon the long-term rating of DelVal. As of December 31, 2021, Moody’s had assigned a rating of “A1” with a stable outlook to the 1998 Series.

The 1998 Series is not subject to optional or mandatory redemption. Under certain circumstances defined in the Trust Indenture, principally the inability to originate loans for a protracted period of time, the 1998 Series may be subject to an Extraordinary Mandatory Redemption at the premiums set forth in the Trust Indenture of the 1998 Series.

DelVal entered into interest rate swap transactions for each Series of the 1998 Series; the transactions terminate on the maturity dates of the related 1998 Series. Under the terms of the interest rate swap transactions, DelVal pays amounts indexed to the SIFMA Index and receives fixed payments. The interest rate swap transactions allow DelVal to hedge its exposure to changes of long-term interest rates.

### **2002 Series**

The 2002 Series was issued in the par amount of \$375,000,000. The \$125,000,000 Local Government Revenue Bonds, 2002 Series A matured on July 1, 2012, and the \$125,000,000 Local Government Revenue Bonds, 2002 Series B matured on July 1, 2017. The \$125,000,000 Local Government Revenue Bonds, 2002 Series C (the “2002 C Series”) mature on July 1, 2032, with a coupon of 5.75%. Interest is paid semiannually. The 2002 C Series was issued at an original issue premium of \$9,391,250. The 2002 Series was rated “A1” with a stable outlook by Moody’s and “A+” with a stable outlook by S&P as of December 31, 2021.

The 2002 Series is not subject to optional or mandatory redemption. Under certain circumstances defined in the Trust Indenture, principally the inability to originate loans for a protracted period of time, the 2002 Series may be subject to an Extraordinary Mandatory Redemption at the premiums set forth in the Trust Indenture of the 2002 Series.

DelVal entered into a master interest rate swap agreement related to the 2002 Series and executed an interest rate swap transaction related to each series of the 2002 Series. The transactions terminate on the respective maturity dates of the related Series. The interest rate swap transactions allow DelVal to hedge its exposure to changes of long-term interest rates.

### **2007 Series**

The 2007 Series were issued under the Master Indenture and the First Supplemental Indenture on June 28, 2007, in the par amount of \$160,000,000. The coupon on the \$10,000,000 2007 Series A (the “2007 A Series”) maturing on June 1, 2037, was set at 5.50%. Interest is paid semiannually. The 2007 A Series was issued at an original issue premium of \$1,365,600. The 2007 A Series is not subject to optional or mandatory redemption. Under certain circumstances defined in the Trust Indenture, principally the inability to originate loans for a protracted period of time, the 2007 A Series may be subject to extraordinary redemption at the premiums set forth in the First Supplemental Indenture.

The \$50,000,000 2007 Series B Bonds (the “2007 B Series”) maturing on June 1, 2042, is currently remarketed as a variable rate demand bond (“VRDB”) in a weekly rate mode, secured by a letter of credit issued by PNC Bank, National Association (“PNC”). The remarketing agent, currently PNC Capital Markets LLC, resets the interest rates on the 2007 B Series effective every Wednesday. The interest rates are set at the minimum rate of interest, in the opinion of the remarketing agent, necessary to remarket the bonds in a secondary market transaction at par. The maximum interest rate, as defined in the First Supplemental Indenture, is 15%. Interest on weekly rate bonds is paid monthly. Holders of the 2007 B Series may, with seven days of notice, tender the bonds to the tender agent at par. The 2007 B Series is subject to optional redemption, in whole or part, and purchase by DelVal at par. The 2007 B Series is also subject to mandatory redemption and purchase at par if the rating of the bonds is reduced as a consequence of the substitution of the letter of credit or if DelVal elects to switch to another interest rate mode as permitted in the First Supplemental Indenture. See “Note 5. Credit Facilities” for additional information.

The interest rates of the \$100,000,000 2007 Series C Bonds (the “2007 C Series”) are set at an interest rate indexed to 3-Month LIBOR. On February 10, 2022, DelVal optionally redeemed the \$50,000,000 2007 C Series maturing on June 1, 2027. A principal amount of \$50,000,000 of the 2007 C Series remains outstanding and matures on June 1, 2037. The interest rates are reset quarterly, and interest is paid to the holders of the 2007 C Series quarterly. The 2007 C Series is subject to optional redemption, in whole or part, and purchase by DelVal at par on or after June 1, 2017. DelVal may convert the 2007 C Series to a different interest rate mode as permitted in the First Supplemental Indenture.

The 2007 A Series and the 2007 C Series were assigned ratings of “A1” with a stable outlook by Moody’s and “A+” with a stable outlook by S&P as of December 31, 2021. The 2007 B Series was assigned ratings of “A1/VMIG 1” by Moody’s, “AA+/A-1” by S&P, and “A+/F1” by Fitch.

The 2007 Series is subject to an Extraordinary Mandatory Redemption under certain circumstances defined in the First Supplemental Indenture, principally the inability to originate loans for a protracted period of time, at the purchase prices and premiums set forth in the First Supplemental Indenture.

DelVal entered into a master interest rate swap agreement related to the 2007 Series and executed interest rate swap transactions related to the 2007 A Series and the 2007 C Series that terminate on their respective maturity dates. Under the terms of the interest rate swap transactions, DelVal pays amounts indexed to the SIFMA Index and receives fixed payments for the 2007 A Series and payments indexed to 3-Month LIBOR for the 2007 C Series. The interest rate swap transactions allow DelVal to hedge its exposure to basis risk and to changes of long-term interest rates.

## **2018 Series**

On June 27, 2018, DelVal issued the 2018 Series under the Master Indenture and the Fifth Supplemental Indenture in the principal amount of \$215,000,000. A portion of the proceeds of the 2018 Series was used to acquire Loans from the Local Government Revenue Bonds, 2014 Series (the “2014 Series”), which together with proceeds from the acquisition of Loans by other DelVal Series and other available funds, were used to redeem a portion of the Local Government Revenue Bonds, 2014 Series (the “2014 Series”). Proceeds of the 2018 Series were also used to fund a Debt Service Reserve Fund, provide additional funds to originate Loans, and pay the costs of issuance. The 2018 Series was assigned ratings of “A1” by Moody’s and “A+” by S&P.

The \$10,000,000 2018 A Series was issued with a coupon of 5.00% at a yield of 3.44% to the maturity date of September 1, 2033. The original issue premium was \$1,832,000. Interest is payable semiannually, and the bonds are not subject to optional redemption. In order to hedge the risks of changes in long-term interest rates, DelVal executed a swap transaction with PNC related to the 2018 A Series under which DelVal receives a fixed rate and pays the SIFMA Index.

The \$50,000,000 2018 B Series and the \$50,000,000 2018 C Series were issued at variable interest rates set at a spread over the SIFMA Index with a maturity date of September 1, 2048. Interest is payable monthly. On February 10, 2022, DelVal optionally redeemed the 2018 B Series. The 2018 C Series is scheduled to be remarketed on September 1, 2023, and the 2018 C Series may be optionally redeemed on or after September 1, 2022. On remarketing dates, the 2018 C Series can be remarketed as direct placements of bank loans, VRDB’s, fixed rate bonds, or variable rate securities based on an index.

The \$30,000,000 2018 D Series and the \$75,000,000 2018 E Series were issued at variable interest rates indexed to 1-Month LIBOR with a maturity date of September 1, 2048. Interest is payable monthly.

The 2018 D Series is scheduled to be remarketed on September 1, 2024, and the 2018 E Series is scheduled to be remarketed on September 1, 2025. The 2018 D Series may be optionally redeemed on or after September 1, 2023, and the 2018 E Series may be optionally redeemed on or after September 1, 2024. In order to hedge basis risk, DelVal assigned swap transactions from the 2014 Series to the 2018 D Series and 2018 E Series under which DelVal receives a rate indexed to 1-Month LIBOR and pays the SIFMA Index. On the respective remarketing dates, the bonds can be remarketed as direct placements of bank loans, VRDB's, fixed rate bonds, or variable rate securities based on an index.

The 2018 Series is subject to Extraordinary Mandatory Redemption under certain circumstances defined in the Fifth Supplemental Indenture, principally the inability to originate loans for a protracted period of time, at the purchase prices and premiums set forth in the Fifth Supplemental Indenture.

### **2020 A Series**

The 2020 A Series was issued under the Master Indenture and the Sixth Supplemental Indenture on May 1, 2020, in the par amount of \$100,000,000, maturing on May 1, 2055, as a VRDB in a weekly rate mode, secured by a letter of credit issued by TD Bank, N.A. ("TD"). The remarketing agent, currently TD Securities LLC, resets the interest rates on the 2020 A Series effective every Wednesday. The interest rates are set at the minimum rate of interest, in the opinion of the remarketing agent, necessary to remarket the bonds in a secondary market transaction at par. The maximum interest rate, as defined in the Sixth Supplemental Indenture, is 15%. Interest on the weekly rate bonds is paid monthly. Holders of the 2020 A Series may, with seven days of notice, tender the bonds to the tender agent at par. The 2020 A Series is subject to optional redemption, in whole or part, and purchase by DelVal at par. The 2020 A Series is also subject to mandatory redemption and purchase at par if the rating of the bonds is reduced as a consequence of the substitution of the letter of credit. See "Note 5. Credit Facilities" for additional information. The 2020 A Series was assigned ratings of "A1/VMIG 1" by Moody's and "AA+/A-1" by S&P.

The proceeds of the 2020 A Series were used to: (i) fund the origination of new Loans, (ii) acquire Loans from the Local Government Revenue Bonds, 2017 Series (the "2017 Series"), and (iii) fund a deposit to the Debt Service Reserve Fund. The costs of issuance were paid from available, unrestricted funds of DelVal. A portion of the 2017 Series, evidencing the direct placement of a loan from TD Bank, N.A., was redeemed with the proceeds from the acquisition of Loans by the 2020 A Series and other DelVal Series and other available funds.

The 2020 A Series is subject to an Extraordinary Mandatory Redemption under certain circumstances defined in the Sixth Supplemental Indenture, principally the inability to originate loans for a protracted period of time, at the purchase prices and premiums set forth in the Sixth Supplemental Indenture.

### **2020 BCD Series**

The 2020 BCD Series were issued under the Master Indenture and the Seventh Supplemental Indenture in the par amount of \$175,000,000 on November 2, 2020. The proceeds of the 2020 BCD Series were used to: (i) fund the origination of new Loans, (ii) acquire Loans from the 2014 Series and the 2017 Series, (iii) fund a deposit to the Debt Service Reserve Fund, and (iv) pay the costs of issuance. Portions of the 2014 Series and the 2017 Series, evidencing the direct placement of loans from Bank of America, N.A., and TD Bank, N.A., were redeemed from the proceeds of the acquisition of Loans by the 2020 BCD Series and other DelVal Series and other available funds. The 2020 B Series and 2020 C Series were assigned ratings of "A1" by Moody's and "A+" by S&P. The 2020 D Series was assigned ratings of "A1/VMIG 1" by Moody's and "AA+/A-1" by S&P.

The \$50,000,000 2020 B Series was issued with a coupon of 5.00% to yield 0.62% with an original issue premium of \$8,633,000 maturing on November 1, 2024. In order to hedge the risk of changes in long-term interest rates, DelVal executed a swap transaction on April 19, 2021, related to the 2020 B Series under which DelVal receives a fixed rate and pays the SIFMA Index.

The \$50,000,000 2020 C Series was issued as a weekly R-FLOATs security maturing on November 1, 2055. BofA Securities, the remarketing agent of the 2020 C Series, resets the interest rates effective every Thursday. The 2020 C Series are subject to optional redemption, in whole or part, and purchase by DelVal at par. The remarketing of the 2020 C Series is not secured by a letter of credit. In the event of a failed remarketing of the 2020 C Series, the interest rate will be set at the maximum rate of 15% until the bonds are successfully remarketed. If the 2020 C Series cannot be remarketed, the bonds are subject to mandatory redemption at par on the third anniversary of the original failed remarketing.

The \$75,000,000 2020 D Series was issued as a weekly VRDB maturing on November 1, 2055, with the remarketing secured by a direct-draw letter of credit issued by TD. TD Securities LLP, the remarketing agent of the 2020 D Series, resets the interest rates effective every Wednesday. The 2020 D Series are subject to optional redemption, in whole or part, and purchase by DelVal at par. The 2020 D Series are also subject to mandatory redemption and purchase at par if the rating of the bonds is reduced as a consequence of the substitution of the letter of credit. See “Note 5. Credit Facilities” for additional information.

Interest on the 2020 B Series is paid semiannually, and interest on the 2020 C Series and 2020 D Series is paid monthly on the first business day. The interest rates of the 2020 C Series and 2020 D Series are set at the minimum rate of interest, in the opinion of the remarketing agent, necessary to remarket the bonds in a secondary market transaction at par. The maximum interest rate, as defined in the Seventh Supplemental Indenture, is 15%. Holders of the 2020 C Series and the 2020 D Series may, with seven days of notice, tender the bonds to the tender agent at par.

The 2020 BCD Series is subject to an Extraordinary Mandatory Redemption under certain circumstances defined in the Sixth Supplemental Indenture, principally the inability to originate loans for a protracted period of time, at the purchase prices and premiums set forth in the Seventh Supplemental Indenture.

### **2021 A Series**

On February 3, 2021, DelVal issued the 2021 A Series under the Master Indenture and the Eighth Supplemental Indenture in the principal amount of \$45,000,000. The 2021 A Series was issued with a coupon of 2.00% at a yield of 1.35% to the maturity date of October 1, 2029. The original issue premium was \$2,382,750. Interest is payable semiannually, and the bonds are not subject to optional redemption. The proceeds of the 2021 A Series were deposited into accounts to: (i) originate new Loans and to acquire Loans from other DelVal Series, (ii) increase the deposit in the Debt Service Reserve Fund, and (iii) pay the costs of issuance. In order to hedge the risk of changes in long-term interest rates, DelVal amended a swap transaction with PNC related to the Master Series to provide a fixed rate receipt and a SIFMA Index payment. The 2021 A Series was assigned ratings of “A1” by Moody’s and “A+” by S&P.

The 2021 A Series is subject to Extraordinary Mandatory Redemption under certain circumstances defined in the Eighth Supplemental Indenture, principally the inability to originate loans for a protracted period of time, at the purchase prices and premiums set forth in the Eighth Supplemental Indenture.

### **Subsequent Event, 2022 Series**

On February 10, 2022, DeIVal issued the 2022 Series under the Master Indenture and the Ninth Supplemental Indenture in the principal amount of \$155,000,000. A portion of the proceeds of the 2022 Series was used to acquire Loans from the 2007 Series and 2018 Series, which together with proceeds from the acquisition of Loans by other DeIVal Series and other available funds, were used to redeem \$50,000,000 of the 2007 C Series and the \$50,000,000 2018 B Series. Proceeds of the 2022 Series were also used to fund a deposit to the Debt Service Reserve Fund, provide additional funds to originate Loans, and pay the costs of issuance. The 2022 Series was assigned ratings of “A1” by Moody’s and “A+” by S&P.

The \$5,000,000 2022 A Series was issued with a coupon of 5.00% at a yield of 1.95% to the maturity date of March 1, 2030. The original issue premium was \$1,132,050. Interest is payable semiannually, and the bonds are not subject to optional redemption. In order to hedge the risks of changes in long-term interest rates, DeIVal executed a swap transaction under which DeIVal receives a fixed rate and pays the SIFMA Index.

The \$75,000,000 2022 B Series was issued at a variable interest rate set at a spread over the SIFMA Index with a maturity date of March 1, 2057. Interest is payable monthly. The 2022 B Series is scheduled to be remarketed on March 1, 2026, and the 2022 B Series may be optionally redeemed on or after March 1, 2025. On remarketing dates, the 2022 B Series can be remarketed as direct placements of bank loans, VRDB’s, fixed rate bonds, or variable rate securities based on an index.

The \$75,000,000 2022 C Series was issued at a variable interest rate indexed to SOFR with a maturity date of March 1, 2057. Interest is payable monthly. The 2022 C Series is scheduled to be remarketed on March 1, 2027, and the 2022 C Series may be optionally redeemed on or after March 1, 2026. In order to hedge basis risk, DeIVal executed an interest rate swap transaction under which DeIVal receives SOFR and pays the SIFMA Index. On the remarketing date, the 2022 C Series can be remarketed as direct placements of bank loans, VRDB’s, fixed rate bonds, or variable rate securities based on an index.

The 2022 Series is subject to Extraordinary Mandatory Redemption under certain circumstances defined in the Ninth Supplemental Indenture, principally the inability to originate loans for a protracted period of time, at the purchase prices and premiums set forth in the Ninth Supplemental Indenture.

## **5. CREDIT FACILITIES**

### **1997 Series and 1998 Series**

The payments of interest on and principal of the 1997 Series and the 1998 Series are secured by municipal bond insurance policies issued by Ambac Assurance Corporation. The bond insurance is in effect to the maturity dates of the 1997 Series and 1998 Series. The bond insurance premium paid to Ambac at closing is amortized on a straight-line basis over the 30-year term. As of December 31, 2021, Moody’s, S&P, and Fitch had all withdrawn their ratings of Ambac.

### **2007 B Series**

DeIVal, as required by the Trust Indenture, maintains a direct draw letter of credit in the amount of \$50,924,658 as security for the payment of principal of and accrued interest on the 2007 B Series. DeIVal entered into an agreement with PNC Bank, National Association, on May 1, 2017, as amended on July 10, 2019, to provide the requisite letter of credit. The scheduled termination date of the PNC letter of credit is July 8, 2022. During 2021, DeIVal paid facility fees totaling \$155,773.96 to PNC. As of December 31, 2021, PNC was assigned ratings of “A1/P 1” by Moody’s, “A/A-1” by S&P, and “A+/F1+” by Fitch.

### **2020 A Series**

DelVal, as required by the Trust Indenture, maintains a direct draw letter of credit in the amount of \$101,849,315 as security for the payment of principal of and accrued interest on the 2020 A Series. DelVal entered into an agreement with TD Bank, N.A. on May 1, 2020, to provide the requisite letter of credit. The scheduled termination date of the TD letter of credit is May 1, 2025. During 2021, DelVal paid facility fees totaling \$359,472.60 to TD. As of December 31, 2021, TD was assigned ratings of “Aa2/P-1” by Moody’s and “AA-/A-1+” by S&P.

### **2020 D Series**

Pursuant to the Trust Indenture, a direct draw letter of credit in the amount of \$76,386,987 secures the payment of principal of and accrued interest on the 2020 D Series. DelVal entered into an agreement with TD Bank, N.A. as of November 1, 2020, to provide the requisite letter of credit. The scheduled termination date of the TD letter of credit is November 1, 2023. During 2021, DelVal paid facility fees totaling \$362,268.84 to TD. As of December 31, 2021, TD was assigned ratings of “Aa2/P-1” by Moody’s and “AA-/A-1+” by S&P.

### **Participant Credit Enhancers**

Certain Loans are secured by Participant Credit Enhancements, financial guaranty policies, with DelVal as the beneficiary. Premiums for the policies were paid from DelVal’s origination fees or Loan proceeds at the closing of each Loan. As of December 31, 2021, approximately 9.94% of the Loan principal outstanding, approximately \$101 million, was insured by AGM, MAC, or BAM. (each a “Participant Credit Enhancer”). As of December 31, 2021, AGM was rated “A2” by Moody’s, “AA” by S&P, and “AA+” by Kroll; MAC was rated “AA+” by Kroll and “AA” by S&P; and BAM was rated “AA” by S&P. No borrower from the DelVal Loan Program has ever defaulted, and the Participant Credit Enhancers have not been required to make any payments to DelVal under the financial guaranty policies.

## **6. DERIVATIVE FINANCIAL INSTRUMENTS**

DelVal began entering into interest rate swap transactions related to its bond issues (each, a “Bond Swap”) in 1997 in order to (i) diversify the types of debt instruments it could issue to fund the Loan Program, (ii) hedge its exposure to future changes in long-term interest rates, (iii) hedge its exposure to basis risk, (iv) reduce its exposure to the credit facility market, and (v) reduce its all-in cost of funds. Under the interest rate swap transactions related to the bond issues, DelVal receives a payment with the same basis as the related bonds, and DelVal pays the SIFMA Index. The use of interest rate transactions also permitted DelVal to begin providing a competitive fixed rate Loan option. If a Participant requests a fixed rate Loan, DelVal enters into an offsetting swap transaction under which DelVal pays a fixed rate and receives the SIFMA Index (each a “Loan Swap”). None of the swap transactions executed by DelVal are payable or receivable in foreign currencies.

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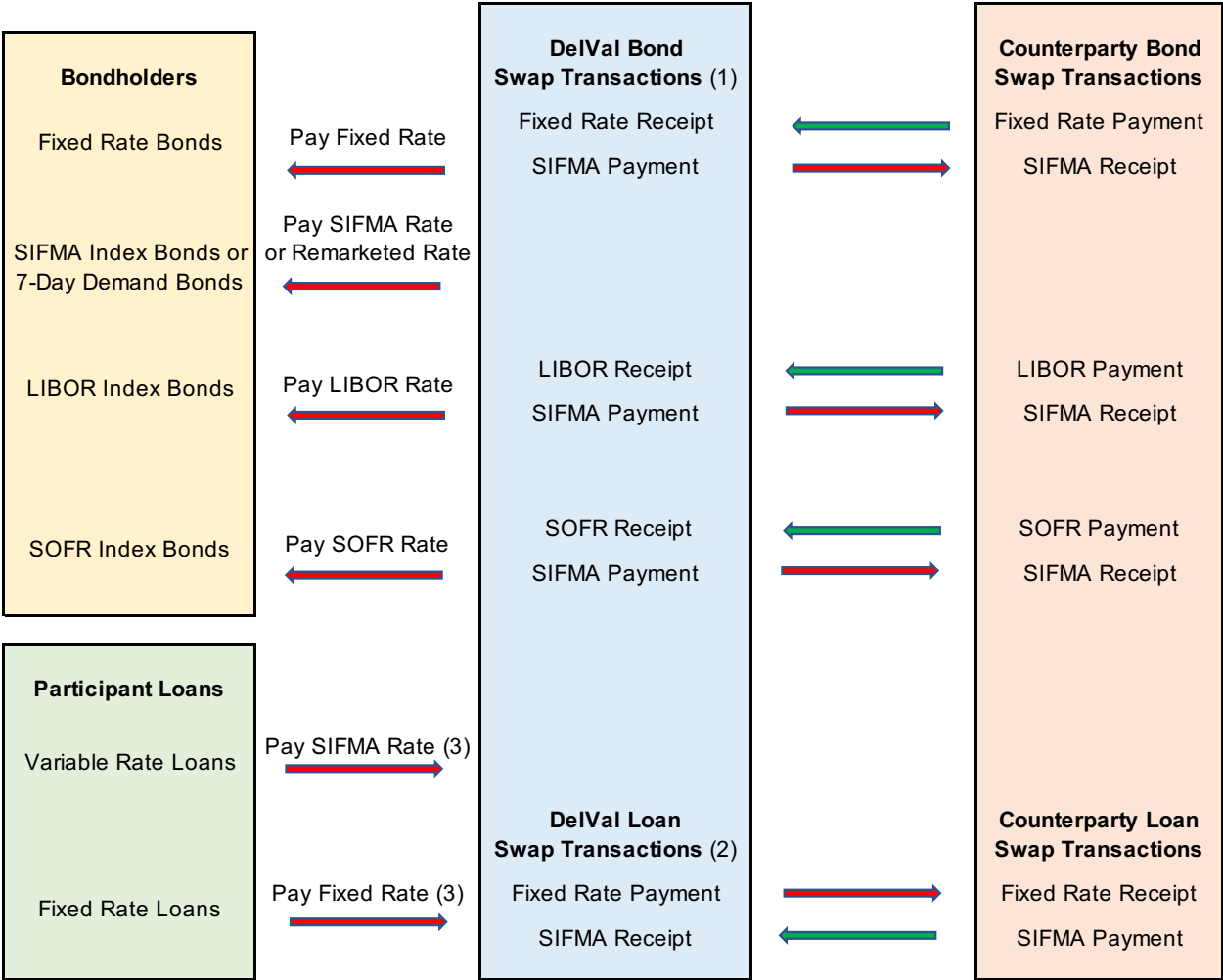
DelVal has executed Master Agreements (collectively, the “DelVal Swap Agreement”) with six counterparties (each a “Counterparty”). All of the Master Agreements are secured on a parity basis with bondholders. A listing of the Counterparties is shown below.

- 1) Bank of America, N.A. (“BANA”), dated as of November 12, 2009, and amended and restated as of January 27, 2015, and February 13, 2015,
- 2) Citibank, N.A. (“Citibank”), dated as of June 28, 2007,
- 3) Barclays Bank PLC (“Barclays”) dated as of April 17, 2012, and amended and restated as of July 2, 2012,
- 4) PNC Bank, National Association (“PNC”) dated as of January 28, 2015, and amended as of June 20, 2020,
- 5) Toronto-Dominion Bank (“T-D”) dated as of January 11, 2016, and
- 6) Royal Bank of Canada (“RBC”) dated as of July 16, 2019, and amended as of August 10, 2020.

The Administrator sets Loan rates at levels sufficient to pay (i) debt service on the DelVal Series, (ii) any related Bond Swap or Loan Swap payments, and (iii) DelVal’s administrative costs. Below is a chart that depicts the cash flows.

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**Cash Flows of Debt Service, Interest Rate Swap, and Loan Payments**



- (1) Transactions executed to create a pool of funds with a net cost of funds equal to the SIFMA Index plus a spread to hedge changes in long-term interest rates and basis risks.
- (2) Transactions that offset Bond Swaps executed to provide fixed interest rate Loans.
- (3) The Loan Rate is set monthly by the Administrator at levels sufficient to pay (i) debt service on DeVal's Bonds, (ii) net swap payments, and (iii) administrative expenses.

As of December 31, 2021, Bond Swap transactions in the notional amount of \$723 million and Loan Swap transactions in the notional amount of \$1.02 billion were outstanding. A summary of the interest rate swap transactions and the reconciliation of the carrying values on the Balance Sheet and the fair market value of all interest rate swap transactions as of December 31, 2021, is set forth below.

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**Carrying Value and Fair Value of Interest Rate  
 Swap Transactions Outstanding**

<u>Series</u>	<u>Notional Amount</u>	<u>Carrying Value</u>	<u>Fair Value 31-Dec-21</u>
1997 Series			
Bond Swaps	\$ 28,000,000	\$ 6,399,940	\$ 6,399,940
Loan Swaps	19,515,000	(415,655)	(415,655)
1998 Series			
Bond Swaps	250,000,000	57,087,330	57,087,330
Loan Swaps	219,142,000	(5,171,926)	(5,171,926)
Unamortized prepaid swap expense	-	3,831,415	7,771,790
2002 Series			
Bond Swaps	125,000,000	40,506,593	40,506,593
Loan Swaps	113,521,000	(3,246,798)	(3,246,798)
Master Series			
Bond Swaps	320,050,000	4,476,821	4,476,821
Loan Swaps	<u>663,572,000</u>	<u>(8,073,370)</u>	<u>(8,073,370)</u>
Total	<u>\$ 1,738,800,000</u>	<u>\$ 95,394,350</u>	<u>\$ 99,334,725</u>

DelVal amended a Bond Swap transaction related to the Master Series on January 20, 2021, following the redemption of the 2017 Series and the issuance of the 2021 A Series. Under the amendment, a \$45 million notional of the transaction was converted from receiving a LIBOR rate to receiving a fixed rate. On April 19, 2021, DelVal executed a \$50 million notional Bond Swap to hedge the interest rate risk of the 2020 B Series. DelVal executed \$80 million notional amount of Bond Swaps related to 2022 A and C Series to hedge interest rate and basis risk on February 10, 2022.

DelVal received a settlement of \$18,529 from a class action lawsuit for manipulation of LIBOR on January 10, 2022. DelVal is not aware of any other pending class action lawsuits.

**Effectiveness of the Swap Agreements**

All of the Bond Swaps and Loan Swaps are effective hedges under the “consistent critical terms” and “quantitative methods” standards of the Governmental Accounting Standards Board Statement No. 53 (“GASB 53”).

The Bond Swaps are effective under both the consistent critical terms and the quantitative methods standards of GASB 53:

- 1) The transactions hedge exposure to changes of long-term interest rates,
- 2) The transactions hedge exposure to basis risk,
- 3) The transactions allow DelVal to reduce the dependence on credit facilities to secure variable rate DelVal Series,
- 4) The transactions enable DelVal to diversify the types of debt instruments it issues to fund the Loan Program, and
- 5) The transactions enable DelVal to realize all-in costs comparable to a 7-day VRDB.

Below is a summary of the debt service payments and the related Bond Swap receipts and payments in 2021.

**Bond Swap Payments Related to DelVal Series in 2021**

<i>Net Interest Payments*</i>	<i>Bond Swap Transactions Related to the DelVal Series</i>		<i>Net Payment</i>	<i>Net Cost of Funds</i>	<i>Average SIFMA Index</i>	<i>Spread over SIFMA Index</i>
	<u>Receipts</u>	<u>Payments</u>				
\$ (26,276,908)	\$ 22,725,824	\$ (625,255)	(\$4,176,339)	0.549%	0.045%	0.504%

\*Net of amortization of over-collateralized original issue premium.

The comparable spread over the SIFMA Index (including letter of credit fees and remarketing fees) of the DelVal VRDB’s outstanding in 2021 was 0.429% for the 2007 B Series, 0.412% for the 2020 A Series, and 0.553% for the 2020 D Series.

As of December 31, 2021, 308 Loan Swap transactions in the notional amount of \$1.015 billion (including \$15.2 million that were not yet effective) were executed with BANA, Barclays, PNC, RBC, and T-D to provide fixed rate loans to 110 Participants. These Loan Swaps were effective hedges under both the consistent critical terms and the quantitative standards of GASB 53:

- 1) The offsetting transactions allow DelVal to provide fixed rate Loans without incurring the costs of issuance of remarketing a series of fixed rate bonds.
- 2) The offsetting transactions allow DelVal to provide fixed rate Loans that are competitive with bank loans and bond issues.

Below is a summary of the fixed rate loan repayments and the related Loan Swap receipts and payments in 2021.

**Loan Swap Payments Related to Fixed Rate Loans in 2021**

<i>Fixed Rate Loan Interest Repayments</i>	<i>Loan Swap Transactions for Fixed Rate Loans</i>		<i>Related Bond Swap Payments</i>	<i>Net Receipt</i>
	<u>Fixed Rate Payments</u>	<u>SIFMA Index Receipts</u>		
\$ 18,700,615	(\$14,916,261)	\$ 410,393	\$ (410,393)	\$ 3,784,354

Below is a summary of the estimated net debt service of the DelVal Series and Bond Swap payments and the calculation of the estimated spread over the SIFMA Index that DelVal will pay.

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### Estimated Net Bond and Swap Interest Payments

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027 and Thereafter</u>
Bond interest payments (1)	\$ 26,929,488	\$ 26,855,134	\$ 26,855,134	\$ 26,239,634	\$ 26,239,634	\$ 26,239,634
Swap payments	48,550	48,550	48,550	(145,950)	(145,950)	(264,617)
Swap receipts	<u>(22,246,296)</u>	<u>(22,246,296)</u>	<u>(22,246,296)</u>	<u>(21,936,296)</u>	<u>(21,936,296)</u>	<u>(21,837,091)</u>
Net payments	<u>\$ 4,731,742</u>	<u>\$ 4,657,388</u>	<u>\$ 4,657,388</u>	<u>\$ 4,157,388</u>	<u>\$ 4,157,388</u>	<u>\$ 4,137,926</u>
Total funding	\$ 791,089,250	\$ 791,089,250	\$ 791,089,250	\$ 741,089,250	\$ 741,089,250	\$ 741,089,250
Net cost of funds	0.598%	0.589%	0.589%	0.561%	0.561%	0.558%
Assumed SIFMA Index	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%
Spread over the SIFMA Index	0.498%	0.489%	0.489%	0.461%	0.461%	0.458%

(1) Assumes variable rates of bonds issued in 2022 are set at the first resets of 2022 and of bonds issued prior to 2022 are set at the last reset in 2021. Amounts are net of the amortization of over-collateralized original issue premium. Cash flows will change as bonds mature and swap transactions terminate.

Below is a summary of the provisions and risks of the interest rate swap agreements.

#### LIBOR Indices

The Financial Conduct Authority (the “FCA”) of the United Kingdom and the Federal Reserve Bank intend to replace LIBOR rates with risk-free reference rates. In the United States, the “Secured Overnight Financing Rate” (“SOFR”) is the proposed successor rate for the LIBOR rates published for the U.S. dollar (the “USD LIBOR”). The International Swaps and Derivatives Association (“ISDA”) has developed protocols to amend existing swap transactions and to replace USD LIBOR rates with SOFR rates. On December 4, 2020, the FCA announced that publication of all LIBOR rates except the USD LIBOR rates for 1, 3, 6, and 12 months would cease after December 31, 2020. The FCA announced that the USD LIBOR rates for 1, 3, 6, and 12 months would continue to be published until June 30, 2023.

As of December 31, 2021, DelVal had \$205 million notional amount of Bond Swap transactions indexed to a LIBOR rate related to the 2007 C Series and the 2018 D and E Series. PNC and Citibank are the Counterparties to these transactions. PNC, Citibank, and DelVal have all adhered to the ISDA IBOR Fallback Protocol (the “Fallback Protocol”). When representative USD LIBOR rates, as determined by the FCA, are no longer published, the USD LIBOR rates will be replaced by rates indexed to SOFR prescribed by the Fallback Protocol.

DelVal has managed its debt and swap transactions to offset LIBOR interest payments on DelVal Series with LIBOR receipts from Bond Swaps. If representative LIBOR rates are no longer published, the Supplemental Indentures of the 2007 Series and 2018 Series provide that the LIBOR rates be replaced by the rates prescribed in the Fallback Protocol. Bond Swap receipts will continue to offset bond interest payments when LIBOR is no longer published.

#### Interest Rate Risk

The principal interest rate risk of a revolving loan program is the risk that the pool of funds available for loans will not be competitive with financing options in the future. If DelVal issued fixed rate bonds to fund the Loan Program, the risk would be that fixed rates could decline making DelVal’s cost of funds uncompetitive with other financing options. DelVal has executed swap transactions for all of the DelVal Series that are fixed rate to receive a fixed rate and to pay the SIFMA Index. DelVal’s cost of funds moves with the SIFMA Index. This allows DelVal to offer variable rate loans at market levels. By entering into

offsetting Loan Swap transactions, under which DelVal pays a fixed rate and receives the SIFMA Index, DelVal can always be on the market for fixed rate loans.

### **Basis Risk**

A basis risk occurs when payments received under a swap transaction are based on a different index or type of interest rate than the related debt obligation. If DelVal issued bonds indexed to LIBOR, SOFR, or some other taxable index rate, the risk would be that the ratio of tax-exempt rates to the index rate could decrease making DelVal's cost of funds uncompetitive. None of the swap transactions executed by DelVal entails a basis risk. Transactions with basis risk are not permitted under DelVal's Interest Rate Swap Management Policy. The basis of Bond Swaps and Loans Swaps matches the basis of the DelVal Series and Loans.

### **Termination Risk**

Termination risk is the risk that certain events occur that allow the Counterparty to a swap transaction to terminate that transaction. All or a portion of the transactions under the DelVal Swap Agreement may be terminated with the mutual consent of DelVal and the respective Counterparty. A termination of transactions could also be triggered in the event of: (i) large payment defaults by one or more Participants, (ii) a payment default by DelVal or the Counterparty under the DelVal Swap Agreement, (iii) the occurrence of events that may precipitate a payment default by DelVal or the Counterparty, or (iv) the downgrading of the long-term, unsecured, senior debt ratings of the Counterparty or DelVal (See "CREDIT RISK" below.). None of the DelVal Swap Agreements have ever been terminated.

In all instances of termination, except a Loan Swap termination due to a payment default by a Participant, DelVal would seek to replace the terminated transaction with new transactions on similar terms and conditions or novate the affected transactions to a different Counterparty. The payment or receipt of the terminated or novated transactions should largely offset the receipts or payments to replace or novate the transactions. Under the terms of the Loan Agreements, each Participant is obligated to pay the termination fee of the portion of the Bond Swap and Loan Swap transactions allocable to the Participant's Loan.

The most likely causes for termination of Loan Swap transactions are under the control of the Participants: (i) a Participant elects to prepay a its Loan before the termination or option date of the Loan Swap transaction executed to provide a fixed rate or (ii) a Participant defaults on its payments due under a fixed rate Loan. All or a portion of a Bond Swap may be terminated with the mutual consent of DelVal and the Counterparty. This would normally occur if DelVal were redeeming a portion of the DelVal Series, restructuring the Bond Swaps, or replacing the Counterparty, and in these instances DelVal would be unlikely to consent if it would incur a Termination Payment. A global termination of the DelVal Swap Agreement without replacement or novation of the transactions would only occur if: (i) a cataclysm in the interest rate swap market precipitated a default by the Counterparty and a replacement Counterparty could not be secured or (ii) an economic cataclysm triggered defaults by a large number of Participants.

### **Credit Risk**

Rating downgrades by Moody's and S&P can precipitate a requirement to post collateral or to terminate under the DelVal Swap Agreement. The failure to post collateral when it is required constitutes an event of default under the DelVal Swap Agreement and may result in termination.

The BANA Agreements require BANA to post collateral equal to the market value of each of the swap agreements executed with DelVal if the long term, unsecured, senior debt ratings of BANA are reduced below “A2” by Moody’s or “A” by S&P. DelVal is not obligated to post collateral to BANA. If the long-term, unsecured, senior debt ratings of BANA or DelVal are downgraded below “Baa2” by Moody’s or “BBB” by S&P, the respective counterparty may terminate the BANA Agreements.

The Citibank Agreement requires Citibank to post collateral equal to the market value if the ratings of Citibank are reduced below “A2” by Moody’s and “A” by S&P. If the ratings of DelVal are downgraded below “A3” by Moody’s or “A-” by S&P, DelVal would be obligated to post collateral equal to the market value. If the long-term, unsecured, senior debt ratings of Citibank, or DelVal are downgraded below “Baa3” by Moody’s or “BBB-” by S&P, the respective counterparty may terminate the Citi Agreement.

The Barclays Agreement, PNC Agreement, T-D Agreement, and RBC Agreement allow DelVal or the Counterparty to terminate the agreement if the other counterparty is downgraded below “Baa1” by Moody’s or “BBB+” by S&P. Neither these Counterparties nor DelVal are obligated to post collateral.

A summary of the Counterparty ratings and the market values of the DelVal Swap Agreement are shown below.

### Counterparty Ratings and Market Values

Counterparty	Counterparty Rating				Notional Amount	Market Value 31-Dec-21
	Fitch	Kroll	Moody's	S&P		
Bank of America, N.A.*	A+	***	Aa3	A+	\$ 972,936,800	\$ 98,692,283
Barclays Bank PLC	A	***	A1	A	35,045,000	(1,303,286)
Citibank, N.A.	A+	***	Aa3	A+	110,050,000	4,463,722
PNC Bank, N.A.	A+	AA-	A1	A	480,206,000	(2,929,834)
Royal Bank of Canada	AA	***	Aa2	AA-	139,379,200	421,793
Toronto-Dominion Bank	***	AA	Aa2	AA-	<u>1,183,000</u>	<u>(9,953)</u>
TOTAL					<u>\$ 1,738,800,000</u>	<u>\$ 99,334,725</u>

\*Includes the market value of the unamortized prepaid swap expense.

### Market Access

Market access risk is the risk that bonds or Loans that are related to swap transactions cannot be issued or remarketed. DelVal does not execute Bond Swaps until the related DelVal Series has been issued or remarketed, and DelVal does not execute Loan Swaps until the Loan has been authorized.

### Rollover Risk

Rollover risk is the risk that the termination dates of Bond Swaps do not match the scheduled maturity or remarketing dates of the related DelVal Series or Loans and that, due to market disruptions or deterioration of credit quality, execution of new swap transactions or remarketing of the DelVal Series is not possible. The scheduled termination dates of the Bond Swaps match or exceed the maturity or remarketing date of the related DelVal Series. The DelVal Series that are subject to remarketing have staggered remarketing dates. If a new Bond Swap were necessary to hedge DelVal’s interest rate risks for a remarketing and if such a hedge could not be secured, DelVal would not remarket that series. The cash

flow from Loan repayments and deposits in the Debt Reserve Funds would be sufficient to redeem any tranche that could not be remarketed.

**7. FAIR VALUE OF INVESTMENTS AND RESTRICTED INVESTMENTS**

The carrying value of investments and restricted investments is the fair value of those investments. Investments and restricted investments are valued using pricing models that maximize the use of observable inputs of transactions of those investments and restricted investments and observable inputs of similar securities.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observables and minimize the use of unobservable inputs.

The schedule below shows the level of the fair value hierarchy of investments and restricted investments at fair value as of December 31, 2021. The floating rate notes are valued at Level 2 because the notes and similar notes are traded and quoted in the market, but trading is sporadic and often in small lots. The valuation is based on valuation models that incorporate the observed trades and other market parameters.

**Investments and Restricted Investments at Fair Value  
 as of December 31, 2021**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Floating rate notes	\$ -	\$ 21,943,787	\$ -	\$ 21,943,787

**8. PENDING ACCOUNTING PRINCIPLES**

The GASB has approved the following standards that may affect future financial statements:

- 1) Statement No. 91, *Conduit Debt Obligations*,
- 2) Statement No. 92, *Omnibus 2020*, and
- 3) Statement No. 93, *Replacement of Interbank Offered Rates*.

Management is in the process of analyzing these pending changes in accounting principles and the impact they will have on the financial statements. When they become effective, the application of these standards may result in the restatement of portions of these financial statements and financial statements of prior years.

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## Independent Auditors' Report on Additional Information

To the Board of Directors of  
Delaware Valley Regional Finance Authority

Our report on our audit of the basic financial statements of the Delaware Valley Regional Finance Authority for 2021 appears on pages 40 and 41. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information on pages 76 through 78 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Baker Tilly US, LLP*

Philadelphia, Pennsylvania  
April 29, 2022

**DELAWARE VALLEY REGIONAL FINANCE AUTHORITY**  
**COMBINING BALANCE SHEET INFORMATION**  
**DECEMBER 31, 2021**

ASSETS	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series*</u>	<u>Total</u>
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$ 4,708,446	\$ 10,552,541	\$ 14,580,116	\$ 23,106,083	\$ 52,947,186
Restricted cash equivalents	2,800,000	25,000,000	12,500,000	15,406,000	55,706,000
Investments	-	-	-	1,247,212	1,247,212
Restricted investments	-	-	-	20,696,575	20,696,575
Accrued interest receivable:					
Loans	8,365	77,268	51,471	203,684	340,788
Interest rate swaps	-	5,568,667	-	167,063	5,735,730
Cash equivalents and investments	988	5,065	2,630	32,213	40,896
Prepaid expenses	6,250	80,233	6,250	-	92,733
Loans to local governments	<u>4,938,000</u>	<u>40,439,000</u>	<u>9,439,000</u>	<u>45,187,200</u>	<u>100,003,200</u>
Total current assets	<u>12,462,049</u>	<u>81,722,774</u>	<u>36,579,467</u>	<u>106,046,030</u>	<u>236,810,320</u>
<b>NONCURRENT ASSETS:</b>					
Loans to local governments	16,487,000	179,991,000	120,270,000	599,416,800	916,164,800
Unamortized prepaid interest rate swap expense	-	3,249,690	-	-	3,249,690
Fair value of derivative transactions	<u>5,984,285</u>	<u>51,915,404</u>	<u>37,259,795</u>	<u>(3,596,549)</u>	<u>91,562,935</u>
Total noncurrent assets	<u>22,471,285</u>	<u>235,156,094</u>	<u>157,529,795</u>	<u>595,820,251</u>	<u>1,010,977,425</u>
<b>TOTAL</b>	<u><b>\$ 34,933,334</b></u>	<u><b>\$ 316,878,868</b></u>	<u><b>\$ 194,109,262</b></u>	<u><b>\$ 701,866,281</b></u>	<u><b>\$ 1,247,787,745</b></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>					
<b>CURRENT LIABILITIES:</b>					
Accrued expenses	\$ -	\$ -	\$ -	\$ 11,472	\$ 11,472
Bond principal payable	-	-	-	100,000,000	100,000,000
Accrued interest payable:					
Interest rate swaps	7,087	-	36,757	-	43,844
Bonds	<u>954,240</u>	<u>6,398,701</u>	<u>3,879,015</u>	<u>3,673,538</u>	<u>14,905,494</u>
Total current liabilities	<u>961,327</u>	<u>6,398,701</u>	<u>3,915,772</u>	<u>103,685,010</u>	<u>114,960,810</u>
<b>LONG TERM LIABILITIES:</b>					
Bonds payable, net	28,241,755	253,740,220	127,711,196	602,761,914	1,012,455,085
Estimated rebate liability	-	-	-	200,000	200,000
Total long term liabilities	<u>28,241,755</u>	<u>253,740,220</u>	<u>127,711,196</u>	<u>602,961,914</u>	<u>1,012,655,085</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Accumulated increase (decrease) in fair value of hedging derivatives	<u>5,984,285</u>	<u>51,915,404</u>	<u>37,259,795</u>	<u>(3,596,549)</u>	<u>91,562,935</u>
Total liabilities and deferred inflows of resources	35,187,367	312,054,325	168,886,763	703,050,375	1,219,178,830
<b>NET POSITION</b>	<u>(254,033)</u>	<u>4,824,543</u>	<u>25,222,499</u>	<u>(1,184,094)</u>	<u>28,608,915</u>
<b>TOTAL</b>	<u><b>\$ 34,933,334</b></u>	<u><b>\$ 316,878,868</b></u>	<u><b>\$ 194,109,262</b></u>	<u><b>\$ 701,866,281</b></u>	<u><b>\$ 1,247,787,745</b></u>

\* The 2007, 2018, 2020 A, B, C, and D, and the 2021 A Series were all issued under the Master Indenture. These Series are equally and ratably secured by all of the assets held under the Master Indenture.

**DELAWARE VALLEY REGIONAL FINANCE AUTHORITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET**  
**POSITION INFORMATION**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series*</u>	<u>Total</u>
Revenues:					
Loan interest	\$ 426,078	\$ 4,059,284	\$ 2,437,922	\$ 12,159,884	\$ 19,083,168
Interest rate swap	1,500,800	13,018,712	5,843,750	1,792,984	22,156,246
Interest on investments and cash equivalents	<u>105,216</u>	<u>1,071,956</u>	<u>378,782</u>	<u>490,412</u>	<u>2,046,366</u>
Total revenues	<u>2,032,094</u>	<u>18,149,952</u>	<u>8,660,454</u>	<u>14,443,280</u>	<u>43,285,780</u>
Expenses:					
Interest expense:					
Bonds	1,747,260	13,080,466	6,902,234	4,236,212	25,966,172
Interest rate swaps	330,009	3,781,043	1,871,340	9,033,979	15,016,371
Costs of issuance	-	-	-	442,750	442,750
Credit or liquidity facility fees	-	-	-	877,515	877,515
Rebate expense	-	-	-	-	-
Administrative expenses	<u>12,500</u>	<u>968,612</u>	<u>12,500</u>	<u>343,011</u>	<u>1,336,623</u>
Total expenses	<u>2,089,769</u>	<u>17,830,121</u>	<u>8,786,074</u>	<u>14,933,467</u>	<u>43,639,431</u>
Revenues over (under) expenses	<u>(57,675)</u>	<u>319,831</u>	<u>(125,620)</u>	<u>(490,187)</u>	<u>(353,651)</u>
Other changes:					
Transfers in (out)	134,179	(3,056,571)	412,051	2,510,341	-
Decrease (increase) of estimated rebate liability	-	-	-	(50,000)	(50,000)
Unrealized loss on restricted investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(193,291)</u>	<u>(193,291)</u>
Total other changes, net	<u>134,179</u>	<u>(3,056,571)</u>	<u>412,051</u>	<u>2,267,050</u>	<u>(243,291)</u>
Increase (decrease) in net position	76,504	(2,736,740)	286,431	1,776,863	(596,942)
Net position, beginning	<u>(330,537)</u>	<u>7,561,283</u>	<u>24,936,068</u>	<u>(2,960,957)</u>	<u>29,205,857</u>
Net position, ending	<u>\$ (254,033)</u>	<u>\$ 4,824,543</u>	<u>\$ 25,222,499</u>	<u>\$ (1,184,094)</u>	<u>\$ 28,608,915</u>

\* The 2007, 2018, 2020 A, B, C, and D, and the 2021 A Series were all issued under the Master Indenture. These Series are equally and ratably secured by all of the assets held under the Master Indenture.

**DELAWARE VALLEY REGIONAL FINANCE AUTHORITY**  
**COMBINING STATEMENT OF CASH FLOWS INFORMATION**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series*</u>	<u>Total</u>
Cash flows from operating activities					
Interest received on loans to local governments and interest rate swap agreements	\$ 1,928,729	\$ 17,073,830	\$ 8,283,842	\$ 13,964,919	\$ 41,251,320
Payment of interest on bonds and interest rate swap agreements	(2,131,605)	(16,949,319)	(9,062,494)	(15,764,681)	(43,908,099)
Loans to local governments	-	-	(25,374,000)	(100,893,000)	(126,267,000)
Repayments of loan principal from local governments	3,002,000	32,895,000	7,927,000	39,278,500	83,102,500
Administrative expenses paid	(12,500)	(995,881)	(12,500)	(362,512)	(1,383,393)
Interest received on investments and cash equivalents	105,086	1,073,992	379,339	515,374	2,073,791
Credit or liquidity facility fees paid	-	-	-	(877,515)	(877,515)
Transfers among Series	134,179	(3,056,571)	412,051	2,510,341	-
Acquisition of Loans	(2,531,000)	(42,621,000)	10,073,000	35,079,000	-
Proceeds of bond issues	-	-	-	47,382,750	47,382,750
Bond issuance costs	-	-	-	(442,750)	(442,750)
Redemption (purchase) of investments and restricted investments	-	-	-	12,000,000	12,000,000
<b>Net cash provided by operating activities and increase (decrease) in cash and cash equivalents</b>	<b>494,889</b>	<b>(12,579,949)</b>	<b>(7,373,762)</b>	<b>32,390,426</b>	<b>12,931,604</b>
Cash and cash equivalents and restricted cash and cash equivalents, beginning	<u>7,013,557</u>	<u>48,132,490</u>	<u>34,453,878</u>	<u>6,121,657</u>	<u>95,721,582</u>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 7,508,446</u>	<u>\$ 35,552,541</u>	<u>\$ 27,080,116</u>	<u>\$ 38,512,083</u>	<u>\$ 108,653,186</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET					
Cash and cash equivalents, ending	\$ 4,708,446	\$ 10,552,541	\$ 14,580,116	\$ 23,106,083	\$ 52,947,186
Restricted cash and cash equivalents, ending	<u>2,800,000</u>	<u>25,000,000</u>	<u>12,500,000</u>	<u>15,406,000</u>	<u>55,706,000</u>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 7,508,446</u>	<u>\$ 35,552,541</u>	<u>\$ 27,080,116</u>	<u>\$ 38,512,083</u>	<u>\$ 108,653,186</u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Change in net position	\$ 76,504	\$ (2,736,740)	\$ 286,431	\$ 1,776,863	\$ (596,942)
Adjustments for other revenues, expenses, and transfers					
Increase of estimated rebate liability	-	-	-	50,000	50,000
Unamortized prepaid interest rate swap expense	-	581,725	-	-	581,725
Adjustments for changes in assets and liabilities					
Decrease (increase) in:					
Investments	-	-	-	(1,247,212)	(1,247,212)
Restricted investments	-	-	-	13,440,503	13,440,503
Accrued interest receivable:					
Loans	1,851	(1,392)	2,170	(3,760)	(1,131)
Interest rate swaps	-	(2,775)	-	15,811	13,036
Cash equivalents and investments	(130)	2,036	556	24,962	27,424
Prepaid expenses	-	(14,769)	-	-	(14,769)
Loans to local governments	471,000	(9,726,000)	(7,374,000)	(26,535,500)	(43,164,500)
Increase (decrease) in:					
Accrued expenses	-	(12,500)	-	(19,501)	(32,001)
Accrued interest payable:					
Interest rate swaps	(596)	-	(3,654)	(135,684)	(139,934)
Bonds	-	-	(1)	493,045	493,044
Bonds payable	(53,740)	(669,534)	(285,264)	44,530,899	43,522,361
<b>Total adjustments</b>	<u>418,385</u>	<u>(9,843,209)</u>	<u>(7,660,193)</u>	<u>30,613,563</u>	<u>13,528,546</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 494,889</u>	<u>\$ (12,579,949)</u>	<u>\$ (7,373,762)</u>	<u>\$ 32,390,426</u>	<u>\$ 12,931,604</u>

\* The 2007, 2018, 2020 A, B, C, and D, and the 2021 A Series were all issued under the Master Indenture. These Series are equally and ratably secured by all of the assets held under the Master Indenture.

**APPENDIX III: FORM OF BOND COUNSEL OPINION**

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[PROPOSED FORM OF BOND COUNSEL OPINION]

February 22, 2023

Re: \$141,030,000 Delaware Valley Regional Finance Authority  
(Bucks, Chester, Delaware and Montgomery Counties, Pennsylvania)  
Local Government Revenue Bonds, 2023 Series A

To The Purchasers of the Within-Described Bonds:

We have served as bond counsel in connection with the issuance by the Delaware Valley Regional Finance Authority (“Authority”) of \$141,030,000 Local Government Revenue Bonds, 2023 Series A (the “Bonds”). The Authority is a body corporate and politic, existing under the laws of the Commonwealth of Pennsylvania (“Commonwealth”) pursuant to the Municipality Authorities Act, 53 Pa. C.S. Ch. 56, as supplemented and amended (“Act”), having been organized by the Council of Delaware County, and the Boards of County Commissioners of Bucks, Chester and Montgomery Counties, Pennsylvania (“Counties”). Capitalized terms used herein and not otherwise defined, shall have the meanings set forth in the Indenture (as defined below).

The Bonds are issued under and pursuant to: (i) the Act; (ii) a Resolution adopted by the Board of Directors of the Authority (“Board”) on December 12, 2022 (the “Resolution”); and (iii) a Master Trust Indenture, dated as of June 28, 2007, as amended and restated as of January 10, 2022 (“Master Indenture”), as supplemented by the Eleventh Supplemental Indenture dated February 22, 2023 (“Eleventh Supplemental Indenture”, and together with the Master Indenture, the “Indenture”), each by and between DelVal and TD Bank, N.A. (as successor to Commerce Bank, N.A.), as Trustee, for the purpose, together with certain other funds available therefor, to provide funds to: (i) acquire loans from the Authority’s Local Government Revenue Bonds, 2018 Series C (“2018 C Bonds”), the Local Government Revenue Bonds, 2020 Series A (“2020 A Bonds”) and various other series of Authority bonds and to redeem the 2018 C Bonds and the 2020 A Bonds; (ii) fund a deposit to the Debt Service Reserve Fund; and (iii) pay costs related to the issuance of the Bonds.

As Bond Counsel for the Authority, we have examined the Act and the Debt Act, applicable provisions of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder or made applicable with respect thereto (collectively, the “Code”), original counterparts or certified copies of the Resolution, the Master Indenture, the Eleventh Supplemental Indenture, a certificate of the Authority dated the date hereof (“Tax Compliance Certificate”) relating to the Bonds intended to satisfy certain provisions of the Code, opinions as to various matters delivered by the Solicitor to the Authority and such other documents, certifications, instruments and records listed in the Index of Closing Documents in respect of the Bonds filed this date with the Trustee. We have also examined the fully executed and authenticated Bonds, or true copies thereof.

In rendering the opinion set forth below, we have relied upon the genuineness, accuracy and completeness of all documents, records, certifications and other instruments we have examined, including, without limitation, the authenticity of all signatures appearing thereon. We have also

relied, in the opinion set forth below, upon the opinion of the Solicitor to the Authority as to all matters of fact and law set forth therein.

Except with respect to paragraph 6 below, our opinion is given only with respect to the internal laws of the Commonwealth as enacted and construed on the date hereof. With respect to paragraph 6 below, our opinion is given only with respect to the federal laws of the United States of America as enacted and construed on the date hereof.

Based on the foregoing, we are of the opinion that:

1. The Authority is a body corporate and politic, validly existing under the laws of the Commonwealth and the Act, and at all relevant times had and has full power and authority thereunder to execute and deliver the Indenture and to issue the Bonds pursuant to the Act and the Indenture.

2. The Eleventh Supplemental Indenture has been duly authorized, executed and delivered by the Authority and the Indenture is the legal, valid and binding obligation of the Authority enforceable in accordance with the terms thereof, except to the extent enforcement thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights ("Creditors' Rights Limitations").

3. The Bonds have been duly authorized, executed and issued by the Authority and are the legal, valid and binding special, limited obligations of the Authority, payable solely from the sources described in the Indenture, and enforceable in accordance with the terms thereof, except to the extent enforcement thereof may be affected by Creditors' Rights Limitations, and the Bonds are entitled to the benefit and security of the Indenture to the extent provided therein.

4. All conditions precedent to the issuance and delivery of the Bonds contained in the Indenture and the Act have been fulfilled.

5. Under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Commonwealth taxes and local taxes within the Commonwealth.

6. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the Authority and the Participants, respectively, with the requirements of the Code. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering this opinion, we have assumed compliance by the Authority with its covenants contained in the Indenture, the covenants of Participants in the Loan Agreements, and the representations and covenants in the Tax Compliance Agreement executed by the Authority on the date of issuance of the Bonds relating to actions to be taken or caused to be taken, by the Authority or by the Participants after the issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to, *inter alia*, the use and investment of proceeds of the Bonds and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in the interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

We express no opinion on any matter not set forth in the numbered paragraphs herein. This opinion is given as of the date hereof and we assume no obligation to supplement this opinion to reflect any changes in fact or law that may hereafter occur or changes in facts or circumstances that may hereafter come to our attention. Without limiting the generality of the foregoing, we express no opinion herein with respect to and assume no responsibility for, the accuracy, adequacy or completeness of the Preliminary Official Statement or the Official Statement prepared in respect of the Bonds, and make no representation that we have independently verified the contents thereof.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

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**APPENDIX IV: FORM OF CONTINUING DISCLOSURE AGREEMENT**

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## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is dated as of February 22, 2023, and is executed by the Delaware Valley Regional Finance Authority ("DeIVal") and TD Bank, N.A., as dissemination agent (in such capacity, as herein provided, the "Dissemination Agent") in connection with the issuance of Delaware Valley Regional Finance Authority, Local Government Revenue Bonds 2023 Series A, in the aggregate principal amount of \$141,030,000 (the "2023 A Bonds"). The 2023 A Bonds are being issued pursuant to a Master Trust Indenture, dated as of June 28, 2007, as amended and restated as of September 12, 2011, as amended and restated as of April 9, 2012, as amended and restated as of June 9, 2014, as amended and restated as of December 8, 2014, as amended and restated as of August 13, 2018, as amended and restated as of December 14, 2020, as amended and restated as of January 10, 2022 ("Master Indenture"), and as supplemented by the Eleventh Supplemental Indenture dated February 22, 2023 ("Eleventh Supplemental Indenture", and together with the Master Indenture, the "Indenture") between DeIVal and TD Bank, N.A. (as successor to Commerce Bank, N.A.) (in such capacity, as therein provided, the "Trustee"). The proceeds of the sale of the 2023 A Bonds, together with other funds available therefor, will be used to (i) acquire Loans (as defined below) from DeIVal's Local Government Revenue Bonds, the 2018 Series C (the "2018 C Bonds"), DeIVal's Local Government Revenue Bonds, 2020 Series A (the "2020 A Bonds") and other DeIVal Series to redeem the 2018 C Bonds and the 2020 A Bonds; (ii) fund a deposit to the Debt Service Reserve Fund; and (iii) pay costs related to the issuance of the 2023 A Bonds. DeIVal and the Trustee as Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by DeIVal and the Dissemination Agent for the benefit of the Bondholders and in order to comply with the Rule as hereinafter defined.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or the Loan Agreements to which a Loan (as hereinafter defined) relates, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section or elsewhere in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean each Annual Report provided by DeIVal pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Bondholder" shall mean the person or persons in whose name a 2023 A Bond is registered on the books of DeIVal kept by the Trustee for that purpose in accordance with the Indenture, or any supplement thereto. For so long as any 2023 A Bond shall be registered in the name of the Securities Depository or its nominee, the term "Bondholder" shall also mean and include, for the purposes of this Disclosure Agreement, the owners of book-entry credits evidencing beneficial ownership interest in the 2023 A Bonds; provided, however, that the Trustee shall have no obligation to determine the identity of beneficial owners of the 2023 A Bonds.

"Disclosure Representative" shall mean Calhoun Baker Inc., Program Administrator for DeIVal, on behalf of DeIVal, or such other person as DeIVal shall designate in writing to the Trustee from time to time.

"Dissemination Agent" shall mean TD Bank, N.A., acting in the capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by DelVal and which has accepted in writing and filed such designation with DelVal.

"EMMA" shall mean the Electronic Municipal Market Access System maintained by the MSRB at <http://emma.msrb.org>, which serves as the sole nationally recognized municipal securities information repository under the Rule.

"Guarantor" means a local government unit that executes a Guaranty of a Loan.

"Guaranty" means a financial guaranty of a Loan.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"Loan" means a loan of a portion of the proceeds of any series of bonds or a purchase of any loan with a portion of the proceeds of any series of bonds issued by DelVal to a Participant pursuant to the terms of a Loan Agreement, through the purchase by DelVal of a Participant Note evidencing the Participant's obligations to repay principal and interest on such loan.

"Material Participant" shall mean any Participant or Guarantor with outstanding aggregate Loans or Guaranties as of December 31 of any calendar year which outstanding aggregate principal amount of such Loan and Guaranties equals or exceeds twenty percent (20%) of the principal amount of all outstanding Loans on such date.

"Material Participant Disclosure Agreement" shall mean the Participant Continuing Disclosure Agreement between DelVal and a Material Participant, pursuant to which the Material Participant covenants to provide DelVal with annual audited financial statements and notice of any Listed Events.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Obligated Person" shall mean DelVal and each Material Participant to the extent it is an "obligated person" under the Rule.

"Repository" shall mean EMMA or any successor repository as may be designated by the Rule.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

"Securities Depository" shall mean The Depository Trust Company, New York, NY, or its nominee, Cede & Co., or any successor thereto appointed pursuant to the Indenture.

"Underwriter" shall mean the original underwriter of the 2023 A Bonds.

### SECTION 3. Provision of Annual Financial Information.

(a) DelVal shall, not later than June 30 after the end of each Fiscal Year, commencing with its Fiscal Year ending December 31, 2022, provide to the Repository an Annual Report for DelVal, and such Annual Report shall be consistent with the requirements of Section 4 of this Disclosure Agreement. To the extent the Annual Report is not available by June 30 of any Fiscal Year, DelVal will provide to the Repository unaudited financial statements for such Fiscal Year and shall file the Annual Report as soon as the same becomes available.

(b) If, by ten (10) Business Days prior to the date specified in Section 3(a) for providing the Annual Report to the Repository, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Disclosure Representative and request that the Annual Report be provided.

(c) If the Dissemination Agent has not received the Annual Report and is unable to verify that such Annual Report has been provided to the Repository by the date required in Section 3(a), the Dissemination Agent shall send a notice to the Repository in substantially the form attached hereto as Exhibit A.

(d) DelVal shall also, when and as received from each Material Participant, provide to the Repository an Annual Report for such Material Participant, and such Annual Report shall be consistent with the requirements of Section 4 of this Disclosure Agreement. If DelVal does not receive the Annual Report for any Material Participant by the deadline established in the Material Participant Disclosure Agreement entered into by such Material Participant, DelVal agrees to send a notice of such failure to the Dissemination Agent within ten (10) Business Days of the deadline.

(e) If the Dissemination Agent receives such notice from DelVal and is unable to verify that such Annual Report has been provided to the Repository, the Dissemination Agent shall send a notice to the Repository in substantially the form attached hereto as Exhibit B.

SECTION 4. Content of Annual Financial Information from DelVal and each Material Participant. Each Annual Report shall contain or incorporate by reference the following:

(a) For DelVal, audited financial statements prepared in accordance with generally accepted accounting principles ("GAAP"), including a "Management's Discussion and Analysis" section that updates such information under the heading "APPENDIX I – DELAWARE REGIONAL FINANCE AUTHORITY" of the Official Statement relating to the 2023 A Bonds which DelVal determines is material to the holders of the 2023 A Bonds; and

(b) For each Material Participant, audited financial statements for such Material Participant prepared in accordance with GAAP, or in accordance with the reporting requirements of the Department of Community and Economic Development of the Commonwealth of Pennsylvania if GAAP statements are not prepared in accordance with GAAP or otherwise as may be provided to DelVal by the Material Participant.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Obligated Person is an "obligated person" (as defined in the Rule), which have been filed with the Repository. If the document incorporated by reference is a final official statement, it must be available from the MSRB. DelVal shall clearly identify each such document so incorporated by reference.

DelVal reserves the right to modify from time to time the specific types of information provided and the format of the presentation of such information, to the extent necessary or appropriate in the judgment of DelVal; provided that DelVal agrees that any such modification will be done in a manner consistent with the Rule. DelVal may, at its option, satisfy this obligation by providing an official statement for one or more series of bonds or by specific reference, in accordance with the Rule, to one or more official statements previously provided and available from the MSRB.

SECTION 5. Reporting of Significant Events.

(a) DelVal agrees that it shall provide through the Dissemination Agent, in a timely manner, to the MSRB and the Repository notice of the occurrence of any of the following events with respect to the 2023 A Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements, if any, reflecting financial difficulties;
5. Substitution of credit or liquidity providers, if any, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or a Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2023 A Bonds, or other events affecting the tax status of the 2023 A Bonds;
7. Modifications to the rights of the holders of the 2023 A Bonds, if material;
8. 2023 A Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the 2023 A Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or a similar proceeding by an Obligated Person;

13. Consummation of a merger, consolidation, acquisition involving an Obligated Person, or sale of all or substantially all of the assets of an Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of an additional or successor trustee, or the change in name of a trustee, if material;

15. The incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority right, or other similar terms of a Financial Obligation, any of which affect securities holders, if material; and

16. A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

For purposes of this Section 5(a), "Financial Obligation" means a (i) debt obligation (other than any Loan to a Participant); (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for a debt obligation (other than any Loan to a Participant); or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The foregoing 16 Listed Events are quoted from the Rule.

(b) Upon the occurrence of one of the Listed Events, DelVal through the Disclosure Representative shall file, or cause the Dissemination Agent to file, a notice of such occurrence with the MSRB via the Repository in a timely manner not in excess of ten (10) business days after the occurrence of such event.

(c) Nothing in this Disclosure Agreement is intended to modify or limit the right of TD Bank, N.A. in its capacity as Trustee under the Indenture to provide notices and other information to Bondholders and such other parties as it deems appropriate in the performance of its duties as Trustee.

(d) Each notice of occurrence of a Listed Event filed pursuant to Section 5(b) shall contain on the cover page in bold face type the following: "The information contained herein is being filed by the Delaware Valley Regional Finance Authority for the purpose of complying with its obligations under Securities and Exchange Commission Rule 15c2-12. The information contained herein is as of the date set forth below. TD Bank, N.A. as Dissemination Agent has not participated in the preparation of this notice, has not examined its contents and makes no representation concerning the accuracy and completeness of the information contained herein.

SECTION 6. Termination of Reporting Obligation. DelVal's obligations under this Disclosure Agreement shall terminate (1) upon the defeasance, prior redemption or payment in

full of all of the 2023 A Bonds, (2) upon repeal or rescission of Section (b)(5) of the Rule or (3) upon a final determination that Section (b)(5) of the Rule is invalid or unenforceable.

SECTION 7. Amendment: Waiver. DelVal and the Dissemination Agent may amend this Disclosure Agreement only in a manner which is consistent with the Rule. Prior to executing any amendment, DelVal or the Dissemination Agent may request that an opinion be provided by counsel, knowledgeable in federal securities laws and acceptable to DelVal and the Dissemination Agent, as to consistency of the amendment with the Rule. The Disclosure Representative shall provide notice of any amendment to the Dissemination Agent and the Dissemination Agent shall promptly file such notice with the Repository.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent DelVal from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If DelVal chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, DelVal shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of DelVal or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Bondholders' sole remedy shall be to institute an action against DelVal or the Dissemination Agent for specific performance of their obligations hereunder, and such failure shall not constitute an Event of Default under the Indenture.

SECTION 10. Duties, Immunities and Liabilities of Disclosure Representative and Dissemination Agent.

(a) DelVal hereby appoints TD Bank, N.A. to serve as Dissemination Agent under this Agreement. DelVal may discharge the Dissemination Agent, with or without appointing a successor to it. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by DelVal pursuant to this Disclosure Agreement. If at any time there is not a designated Dissemination Agent, DelVal shall perform all duties and obligations of the "Dissemination Agent" under this Agreement.

(b) The Dissemination Agent accepts and agrees to perform the duties imposed upon it by this Agreement, but only upon the terms and conditions set forth herein. To the extent that TD Bank, N.A.'s duties as Dissemination Agent conflict with its duties as Trustee under the Indenture, the duties of TD Bank, N.A. as Trustee shall take precedence.

(c) The Disclosure Representative and the Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and DelVal (i) releases the Disclosure Representative and the Dissemination Agent from any claim arising out of the discharge of any duties hereunder and (ii) agrees to indemnify and defend and save the Disclosure Representative, the Dissemination Agent, their respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in

the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but as to the foregoing (i) and (ii) excluding liabilities due to the gross negligence or willful misconduct of the Disclosure Representative or the Dissemination Agent. The obligations of DelVal under this Section shall survive the resignation or removal of the Disclosure Representative and/or the Dissemination Agent and payment of the 2023 A Bonds.

(d) The Dissemination Agent shall be under no obligation to institute any suit, or to take any proceeding under this Disclosure Agreement, or to enter any appearance or in any way defend in any suit in which it may be made a defendant, or to take any steps in the execution of the duties hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and expenses and other reasonable disbursements, and against all liability. The Dissemination Agent may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Dissemination Agent, without indemnity, and in such case DelVal shall reimburse the Dissemination Agent upon demand for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred and against all liabilities in connection therewith.

(e) If at any time it shall be necessary or desirable for the Dissemination Agent to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Dissemination Agent, and in any case in which this Disclosure Agreement provides for permitting or taking any action, the Dissemination Agent may rely upon any certificate required or permitted to be filed with it under the provisions of this Disclosure Agreement, and any such certificate shall be evidence of such fact to protect the Dissemination Agent in any action that it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Disclosure Agreement, any request, notice or other instrument from DelVal to the Dissemination Agent shall be deemed to have been signed by the proper party or parties if signed by the Chairman or Vice-Chairman, and the Dissemination Agent may accept a certificate signed by an individual who represents to the Dissemination Agent in writing that he or she is an authorized officer of DelVal as to any action taken by DelVal.

(f) The Dissemination Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably believed by it to be in accordance with the terms of this Disclosure Agreement, or upon any resolution, order, notice, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Disclosure Agreement, or upon the written opinion of any attorney or accountant, and the Dissemination Agent shall be under no duty to make any investigation or inquiry as to statements contained or matters referred to in any such instrument or opinion, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Dissemination Agent may execute any of the powers hereof and perform the duties required of it hereunder by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of law and its duty hereunder, and the Dissemination Agent shall not be answerable for any act or omission of any such attorney, agent or employee selected by it with reasonable care. The Dissemination Agent shall not be answerable for the exercise of any

discretion or power under this Disclosure Agreement or for anything whatever in connection with the performance of its duties hereunder, except only for its own willful misconduct or gross negligence. For purposes of this Disclosure Agreement, matters shall not be deemed to be known to the Dissemination Agent unless they are known by a responsible officer in the Dissemination Agent's corporate trust group with responsibility for the 2023 A Bonds.

(g) The Dissemination Agent may resign and thereby become discharged from the duties as such under this Disclosure Agreement by notice in writing mailed, postage prepaid, to DelVal, such resignation to become effective on the tenth (10th) Business Day following DelVal's receipt of notice thereof (or at such different date and time as stated in such notice). Any such resignation shall take effect immediately upon the appointment of a new Dissemination Agent hereunder, if such new Dissemination Agent shall be appointed before the time stated in such notice (if any) and shall then accept the duties of Dissemination Agent hereunder.

SECTION 11. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 12. Notices. Any notice or communication to or among the parties to this Disclosure Agreement may be given as follows:

- to DelVal: Delaware Valley Regional Finance Authority  
1811 Bethlehem Pike  
Flourtown Commons, Suite C350  
Flourtown, PA 19031
  
- to the Dissemination Agent: TD Bank, N.A.  
12000 Horizon Way  
Mt. Laurel, New Jersey 08054
  
- to the Disclosure Representative: Calhoun, Baker Inc.  
1811 Bethlehem Pike  
Flourtown Commons, Suite C350  
Flourtown, PA 19031

SECTION 13. Electronic Notice. If and to the extent electronic filing with a central repository is authorized by the Securities and Exchange Commission pursuant to the Rule, the obligations of DelVal and the Dissemination Agent shall be deemed satisfied hereunder by following the procedures so authorized.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of DelVal, the Dissemination Agent, the Underwriter and the Bondholders and shall create no rights in any other person or entity.

SECTION 15. No Personal Recourse. No personal recourse shall be had for any claim based on this Disclosure Agreement against any member, officer, or employee, past, present or future, of DelVal or the Disclosure Representative, or of any successor thereto.

SECTION 16. Governing Law. This Disclosure Agreement and all matters arising out of or related to this Disclosure Agreement shall be governed by and construed in accordance with the laws of the Commonwealth, without regard to its conflict of laws principles.

SECTION 17. Compensation of Dissemination Agent. DelVal shall pay or reimburse the Dissemination Agent (within 30 days of notice) for all reasonable expenses, charges and other disbursements including, without limitation, the fees and costs of its officers, directors, attorneys, agents and employees incurred in and about the administration and execution of the duties created by this Agreement and the performance of its powers and duties hereunder.

IN WITNESS WHEREOF, the parties have hereunto set their hands as of the date and year above first written.

DELAWARE VALLEY REGIONAL  
FINANCE AUTHORITY

By: \_\_\_\_\_  
Name: Joseph E. Brion  
Title: Chairman

TD BANK, N.A., as Dissemination Agent

By: \_\_\_\_\_  
Name:  
Title: Vice President

*[Signature Page to the Continuing Disclosure Agreement]*

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF POSSIBLE FAILURE TO FILE ANNUAL REPORT**

Name of Authority: Delaware Valley Regional Finance Authority

Name of Bond Issue: Local Government Revenue Bonds, 2023 Series A

Name of Obligated Issuer: Delaware Valley Regional Finance Authority

Date of Issuance: February 22, 2023

NOTICE IS HEREBY GIVEN that to the best of the knowledge of TD Bank, N.A. as Dissemination Agent, Delaware Valley Regional Finance Authority (the “Authority”) has not provided an Annual Report with respect to the above-named 2023 Series A Bonds as required by Section 3 of the Continuing Disclosure Agreement dated as of February 22, 2023 between the Authority and TD Bank, N.A. as Dissemination Agent.

Dated: \_\_\_\_\_

\_\_\_\_\_  
TD BANK, N.A.

Dissemination Agent on behalf of the Delaware Valley Regional Finance Authority.

cc: Delaware Valley Regional Finance Authority

**EXHIBIT B**

**NOTICE TO REPOSITORIES OF POSSIBLE FAILURE TO FILE ANNUAL REPORT**

Name of Authority: Delaware Valley Regional Finance Authority

Name of Bond Issue: Local Government Revenue Bonds, 2023 Series A

Name of Obligated Person: [MATERIAL PARTICIPANT]

Date of Issuance: February 22, 2023

NOTICE IS HEREBY GIVEN that to the best of the knowledge of TD Bank, N.A. as Dissemination Agent, Delaware Valley Regional Finance Authority (the “Authority”) has not provided an Annual Report with respect to [the MATERIAL PARTICIPANT] and the above-named 2023 Series A Bonds as required by Section 3 of the Continuing Disclosure Agreement dated as of February 22, 2023 between the Authority and TD Bank, N.A. as Dissemination Agent.

Dated: \_\_\_\_\_

\_\_\_\_\_  
TD BANK, N.A.

Dissemination Agent on behalf of the Delaware Valley Regional Finance Authority.

cc: Delaware Valley Regional Finance Authority

**APPENDIX V: MASTER INDENTURE DATED AS OF JUNE 28, 2007, AMENDED  
AND RESTATED AS OF JANUARY 10, 2022**

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DELAWARE VALLEY REGIONAL FINANCE AUTHORITY  
(Bucks, Chester, Delaware and Montgomery Counties, Pennsylvania)

TO

TD BANK, N.A.

(as successor to COMMERCE BANK, N.A.)

AS TRUSTEE

MASTER TRUST INDENTURE

Dated as of June 28, 2007,  
Amended as of June 28, 2007,  
Amended as of August 1, 2009,  
Amended and restated as of August 3, 2009,  
Amended and restated as of September 12, 2011,  
Amended and restated as of April 9, 2012,  
Amended and restated as of June 9, 2014,  
Amended and restated as of December 8, 2014,  
Amended and restated as of August 13, 2018,  
Amended and restated as of December 14, 2020, and  
Amended and restated as of January 10, 2022

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY  
(Bucks, Chester, Delaware and Montgomery Counties, Pennsylvania)  
Local Government Revenue Bonds

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## MASTER TRUST INDENTURE

THIS MASTER TRUST INDENTURE (the “Indenture”) is dated as of June 28, 2007, amended pursuant to a First Supplemental Indenture as of June 28, 2007, amended pursuant to a Second Supplemental Indenture as of August 1, 2009, amended and restated as of August 3, 2009, amended and restated as of September 12, 2011, amended and restated as of April 9, 2012, amended and restated as of June 9, 2014, amended and restated as of December 8, 2014, amended and restated as of August 13, 2018, amended and restated as of December 14, 2020, and amended and restated as of January 10, 2022 by and between the DELAWARE VALLEY REGIONAL FINANCE AUTHORITY (the “DelVal”), a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, and TD BANK, N.A. (as successor to Commerce Bank, N.A.), a national banking association, and any Co-Trustee appointed by the Trustee or DelVal under Section 11.10 herein, as trustee (the “Trustee”).

### **Background**

A. DelVal is a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania pursuant to the *Municipality Authorities Act, 53 Pa. C.S. Ch. 56*, (the “*Authorities Act*”), having been duly organized by the Council of Delaware County and the Boards of County Commissioners of Bucks, Chester and Montgomery Counties (collectively, the “Counties”), all in the Commonwealth of Pennsylvania.

B. DelVal was formed to undertake projects for (i) “Local Government Units,” as such term is defined in the *Local Government Unit Debt Act*, approved July 12, 1972, P.L. 781, as re-enacted on April 28, 1978, P.L. 124 and December 19, 1996, P.L. 1158 (the “*Debt Act*”), (ii) other political subdivisions whose obligations to DelVal are guaranteed by a Local Government Unit, and (iii) authorities organized under any law of the Commonwealth by or on behalf of the Commonwealth, any Local Government Unit or jointly by any one or more of the foregoing, any such project undertaken by DelVal to constitute a “Project” as such term is defined herein and in the *Debt Act*.

C. Pursuant to the *Authorities Act*, DelVal may issue its bonds in furtherance of projects for, on behalf of, or guaranteed by, Participants (as defined herein), and, as security for the payment of the principal of, and the interest on any such bonds so issued, to pledge the revenues from any such Projects or from any loans made by DelVal.

D. In order to establish a program (the “Pooled Loan Program” or “Program”) to assist Participants in financing or refinancing the acquisition, erecting, extending, improving, equipping or repairing of Projects, DelVal is entering into this Indenture which shall be for equal benefit, protection and security of Bondholders of any and all Bonds from time to time issued pursuant to the terms of this Indenture, all of which, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any Series of Bonds over any other Series thereof, except as otherwise expressly provided in or permitted by this Indenture or any Supplemental Indenture.

E. The proceeds of the sale of any Series of Bonds shall be used, as provided in a Supplemental Indenture with respect to such Series to, inter alia: (i) provide funds for Loans to Participants for the purpose of, and in order to assist the Participants in, financing or refinancing the acquisition, erecting, extending, improving, equipping or repairing of Projects; (ii) refund any prior series of Bonds issued under this Indenture or any other outstanding bonds issued by DelVal under any other indenture; (iii) fund a portion of the Debt Service Reserve Fund; and (iv) pay certain fees and costs incurred in connection with the foregoing and the issuance of the Series of Bonds.

F. DelVal has determined that in order to achieve the lowest borrowing costs for Participants and to meet the management objectives of the Participants, the Loans may be either Variable Rate Loans or Fixed Rate Loans.

G. In order to achieve its programmatic objects of providing variable interest rate and fixed interest rate loans to Participants at the lowest possible cost, DelVal may, on such dates as is designated by DelVal, enter into one or more Swap Agreements with a Swap Counterparty.

H. Until the proceeds of any Series of Bonds deposited with the Trustee for the purpose of acquiring Loans are disbursed for such purposes, such proceeds shall be invested as directed herein or by a Supplemental Indenture.

I. All Bonds shall be issued under and secured by this Indenture, and DelVal is empowered to execute and deliver this Indenture, all Supplemental Indentures and the Loan Agreements.

J. Bonds and the authentication certificates thereon shall be in such forms as are set forth in each Supplemental Indenture executed in connection with the issuance of a Series of Bonds.

K. All things necessary to make Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid, binding and legal obligations of DelVal according to the terms thereof, and to constitute this Indenture a valid assignment and pledge of the Revenues (as hereinafter defined) pledged to the payment of the principal and redemption price of and interest on Bonds and a valid assignment and pledge of the rights of DelVal in the Swap Agreements, the Investment Agreements, and the Loan Agreements, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of Bonds, subject to the terms hereof, have in all respects been duly authorized.

**NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:**

## **GRANTING CLAUSES**

DeIVal, intending to be legally bound hereby, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance from time to time of Bonds by the Bondholders thereof, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, in order to secure (i) equally and ratably, the payment by DeIVal of the principal and redemption price of and interest on Bonds according to their tenor and effect, all obligations owing to any Credit Facility Provider under a Credit Facility Agreement and the Swap Payments by the DeIVal; (ii) the performance and observance by DeIVal of all the covenants expressed or implied herein and in Bonds; and (iii) payment by DeIVal of Termination Payments from the Discretionary Fund, as provided herein, subject and subordinate to the payments of (i) and (ii) hereof, does hereby grant, bargain, sell, convey, assign and pledge unto the Trustee, and its respective successors in trust and assigns forever, a security interest in and lien upon, the property and interests recited in the following granting clauses (the "Trust Estate"), subject in all cases to the provisions of this Indenture or a Supplemental Indenture permitting the application thereof for the purposes and on the terms set forth in this Indenture:

### **GRANTING CLAUSE FIRST**

All right, title and interest of DeIVal in the Revenues, the Participant Notes and the Loan Agreements, including all extensions and renewals of any of the terms of the Loan Agreements, if any, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect and receive all payments of principal, interest, and other sums payable to or receivable by DeIVal under or due to its ownership of any interest in the Participant Notes and the Loan Agreements, all rights to bring actions and proceedings under the Loan Agreements or for the enforcement thereof or of the Participant Notes, and all rights to do any and all things which DeIVal is or may become entitled to do under or due to its ownership of the Loan Agreements, other than the rights of DeIVal to indemnification or payment of expenses under Section 5.11 of the Loan Agreements; and

### **GRANTING CLAUSE SECOND**

All right, title and interest of DeIVal in and under the Swap Agreements and the Swap Receipts and all extensions and renewals thereof, other than the rights of DeIVal to indemnification or payment of expenses under the Swap Agreements; and

### **GRANTING CLAUSE THIRD**

All right, title and interest of DeIVal in and under the Investment Agreements, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect and receive all payments therein and other sums payable to or receivable by DeIVal under or due to its ownership of any interest in the Investment Agreements, all rights to bring actions and proceedings under the Investment Agreements or for the enforcement thereof, and all rights to do any and all things which DeIVal is or may become entitled to do under or due to its

ownership of the Investment Agreements, other than the rights of DelVal to indemnification or payment of expenses under the Investment Agreement; and

#### **GRANTING CLAUSE FOURTH**

All right, title and interest of DelVal in the Participant Credit Enhancement;

#### **GRANTING CLAUSE FIFTH**

All moneys and securities (including the investment income therefrom) and all other property of every kind and of every name and nature which are now or from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for security hereunder to the Trustee by DelVal or by anyone on its behalf, or with its written consent or as otherwise permitted hereunder, and all cash and securities now or hereafter held in the Funds (excluding the Rebate Fund and the Discretionary Fund to the extent provided in the Covenant Agreement) created or established under this Indenture, and all investment earnings thereon; and

#### **GRANTING CLAUSE SIXTH**

All right, title and interest of DelVal in all Credit Facilities.

**TO HAVE AND TO HOLD** all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever, such Trust Estate to be held by the Trustee as provided in this Indenture; subject, however, to the terms and provisions of this Indenture and the Loan Agreements permitting the application thereof for the purposes provided herein and therein, for (i) the equal and pro rata benefit and security of each and every Bondholder, Credit Facility Provider and the Swap Counterparty for the payment by DelVal of Swap Payments without preference, priority or distinction as to participation in the lien, benefit and protection hereof for any other reason whatsoever, except as herein otherwise expressly provided or as provided in a Supplemental Indenture, so that each and all of such Bonds and Swap Payments shall have the same right, lien and privilege under this Indenture and shall be equally secured hereby with the same effect as if the same had all been made, issued and negotiated simultaneously with the delivery hereof; (ii) the payment of the fees and expenses of the Trustee, the Administrator and DelVal; and (iii) the payment of Termination Payments from moneys from time to time in the Discretionary Fund, subject and subordinate to the payment of (i) and (ii) hereof.

**AND IN FURTHERANCE OF THE FOREGOING**, but subject to the foregoing provisions of these granting clauses and the further provisions of this Indenture, DelVal hereby unequivocally authorizes and empowers the Trustee, as appropriate, in its own name, or in the name of its nominee, or in the name of, or as attorney-in-fact for, DelVal, to ask, demand, sue for, collect and receive any and all payments to which DelVal is or may become entitled under any of the Loan Agreements, or other collateral, and to ensure compliance by each and every party to each and every such agreement or contract with all or any of the terms and provisions thereof to which such person is a party;

**AND PROVIDED, FURTHER**, the Trustee agrees to accept receipt of and hold subject to the provisions hereof each executed Loan Agreement and declares and agrees that it holds and

shall hold as fiduciary for the sole benefit of the Bondholders, the Trustee, the Credit Facility Provider, the Swap Counterparty, if any, and the others entitled to the benefits thereof, such Loan Agreements;

**PROVIDED, HOWEVER,** that if (i) DeVal shall pay or cause to be paid the principal of and interest on all of Bonds at the times and in the manner provided in the Bonds, or shall provide for the payment thereof in accordance with Article IX hereof, and shall otherwise comply with Article IX hereof, and all amounts owing to Credit Facility Providers and all Swap Payments and Termination Payments have been made by DeVal to the Swap Counterparty, if any, and (ii) all amounts due to the Trustee have been paid or provision for payment thereof satisfactory to the Trustee shall have been made, then the lien of this Indenture shall cease, terminate and be void as provided in Article IX hereof, otherwise this Indenture shall be and remain in full force and effect; and

**THIS TRUST INDENTURE FURTHER WITNESSETH,** and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights and interest, including, without limitation, the amounts hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and DeVal has agreed and covenanted, and does hereby agree and covenant, with the Trustee and the respective Bondholders, from time to time, of Bonds, as follows:

**ARTICLE I**  
**DEFINITIONS AND RULES OF INTERPRETATION**

**Section 1.01 Definitions.**

Terms defined in the recitals shall have the meanings set forth therein. The following words and phrases shall have the following meanings, unless the context otherwise requires.

**“Accountant” or “Accountants”** means an independent certified public accountant or a firm of independent certified public accountants to whom the Trustee makes no objection.

**“Acquisition Fund”** means the fund by that name created pursuant to Section 5.02 hereof.

**“Acquisition Fund Termination Date”** means, with respect to a Series of Bonds, (i) the date set forth in the Supplemental Indenture executed in connection with the issuance of such Series of Bonds, unless extended as a result of DeIVal’s receipt of a Favorable Opinion of Bond Counsel or (ii) the date that DeIVal determines that the proceeds deposited in the Acquisition Fund are no longer reasonably expected to be required for the Loan Program.

**“Administrative Expenses”** means any expenditures of DeIVal reasonably and necessarily incurred by DeIVal by reason of its issuance of Bonds or for the Program, as determined by the Administrator, including, without limitation, Compliance Charges, auditing fees and expenses, Extraordinary Payments, non-asset bond costs, costs associated with rebate compliance, the fees and expenses of the Trustee, the Administrator and the Rebate Analyst, all other legal, financing and administrative expenses incurred by DeIVal with respect to the Program, including the fees, costs and expenses of any Credit Facility Provider and/or Participant Credit Enhancer, the maintenance of prudent levels of liquidity to provide sufficient levels of operating cash flow, as determined by the Administrator and any expenses incurred by DeIVal or the Trustee to compel full and punctual performance of all the provisions of this Indenture, the Loan Agreements or the Participant Notes.

**“Administrator”** means the Program Administrator, initially Calhoun, Baker Inc., and any successor Administrator (which may include DeIVal) duly appointed by DeIVal and acting as Administrator hereunder; provided, however if DeIVal is the Administrator, it may hereafter delegate to any person, firm or corporation qualified to do business in the Commonwealth of Pennsylvania as servicing agent, any of the duties and responsibilities of the Administrator hereunder, upon written notice thereof to the Trustee.

**“Agency Obligations”** means direct obligations (including bonds, notes or certificates of participation) of, or obligations the timely payment of the principal of and the interest on which are unconditionally guaranteed by, any agency or instrumentality of the United States of America.

**“Authorized Denomination”** means the denominations for a Series of Bonds as set forth in a Supplemental Indenture.

**“Authorities Act”** means the Pennsylvania *Municipality Authorities Act, 53 Pa. C.S. Ch. 56.*

**“Authorized Officer”** means (a) in the case of DeIVal, any person or persons designated to act on behalf of DeIVal, and when used with reference to any act or document also means any officer of DeIVal authorized by resolution of DeIVal to perform such act or execute such document; (b) in the case of the Administrator, shall mean the person or firm designated in an instrument executed by DeIVal and the Administrator and filed with the Trustee specifying the authority and scope of authorization for such person to act and to execute documents on behalf of the Administrator; (c) in the case of a Participant, any person or persons authorized pursuant to the charter, an ordinance, or a resolution of the governing body of such Participant to perform such act or execute such document; and (d) in the case of the Trustee, any President, Vice President, any Assistant Vice President, any Trust Officer or any Assistant Trust Officer thereof, and when used with reference to any act or document also means any other person authorized to perform such act or execute such document by or pursuant to the charter, by-laws or a resolution of the governing board thereof.

**“Available Funding”** means the total amount of Loans outstanding plus amounts in the Acquisition Funds and Recycling Funds.

**“Bankruptcy Code”** means the *United States Bankruptcy Code*, Title 11 of the *United States Code*, or similar bankruptcy or insolvency act.

**“Bankruptcy Counsel”** means any counsel nationally recognized in bankruptcy matters that is independent of DeIVal and the Participants and is reasonably acceptable to the Trustee.

**“Bond” or “Bonds”** means all Bonds issued under and secured by this Indenture.

**“Bond Counsel”** means Eckert Seamans Cherin & Mellott, LLC or any law firm subsequently designated by DeIVal having a reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds and which is reasonably acceptable to the Trustee.

**“Bondholder” or “holder of Bonds” or “Holder” or “Owner” or “Owner of Bonds”** means, except for certain purposes described in Section 12.02 hereof, (i) in the event that the book-entry system of evidence and transfer of ownership is employed pursuant to Section 2.07, Cede & Co., as nominee for DTC, or its successors, and (ii) in all other cases, the registered owner of any Bond.

**“Bond Year”** means, when used in the context of the rebate requirement imposed under Section 148(f) of the *Code* with respect to a Series of Bonds, each one-year period beginning on the day after the expiration of the preceding Bond Year (except that the last Bond Year shall end on the date on which a particular Series of Bonds mature). The first Bond Year shall be the period beginning on the date on which a Series of Bonds is issued and ending on the one-year anniversary date of the Closing of a Series of Bonds.

**“Business Day”** means (i) any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York, or the city or cities in which the corporate trust office of the Trustee is authorized by law or executive order to close or (c) a day on which the New York Stock Exchange is closed or (ii) as determined in a Supplemental Indenture.

“**Cede & Co.**” means Cede & Co., the nominee of DTC or any successor nominee of DTC with respect to the Bonds.

“**Certificate,**” “**statement,**” “**request,**” “**requisition**” and “**order**” mean, respectively, a written certificate, statement, request, requisition or order signed in the name of DelVal, the Trustee or a Participant by an Authorized Officer of DelVal, the Trustee or such Participant, respectively. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the instruments so combined shall be read and construed as a single instrument.

“**Closing**” means the date on which a Participant executes and delivers a Loan Agreement and proceeds of Bonds are transferred from the Acquisition Fund.

“**Code**” means the *Internal Revenue Code of 1986*, as amended, and the regulations promulgated or proposed thereunder.

“**Commencement Date**” means the date when the term of a Loan Agreement begins and the obligation of the Participant thereunder to make Repayments begins to accrue. A Loan Agreement shall begin on the date that the proceeds thereof are disbursed to the Participant.

“**Commonwealth**” means the Commonwealth of Pennsylvania.

“**Compliance Charges**” mean amounts payable by the Participants under the Loan Agreements and Participant Notes in respect of compliance with the disclosure requirements of Rules 10b-5 and 15c2-12 of the Securities and Exchange Commission.

“**Continuing Disclosure Agreement**” means any agreement under which DelVal agrees to provide annual financial information to the municipal markets in accordance with the requirements of Rule 15c2-12 promulgated under the *Securities and Exchange Commission Act of 1934*, as amended and supplemented from time to time.

“**Cost**” means cost, as defined in the *Debt Act* and herein, including but not limited to cost of the acquisition of all lands, structures, rights-of-way, franchises, easements and other property rights and interests acquired by DelVal or a Participant for a Project; the cost of demolishing, removing or relocating any buildings or structures on lands so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved or relocated; the cost of all labor, materials, machinery and equipment, financing charges, interest prior to and during construction and for such a limited period after completion of such construction as may be approved by DelVal (not to exceed one year after completion of the Project); the cost of engineering, financial and legal services, plans, specifications, studies, surveys, estimates of costs and revenues, other expenses necessary or incident to determining the feasibility or practicability of constructing a Project, Administrative Expenses; DelVal fees and such other expenses as may be necessary or incident to the construction of a Project, the financing of such construction and the placing of such Project in operation.

“**Cost of Issuance Fund**” means the fund by that name created by Section 5.02 hereof.

**“Counsel”** means (a) an attorney at law or firm of attorneys at law (who may be, without limitation, of counsel to or an employee of, DelVal, the Trustee, or any Participant) duly admitted to practice law before the highest court of any state or (b) any other counsel satisfactory to DelVal and the Administrator.

**“Covenant Agreement”** means that certain undertaking by DelVal for the benefit of all present and future outstanding bond and swap obligations of DelVal dated April 9, 2001, and amended and restated as of April 23, 2002, April 12, 2004, June 28, 2007, and August 3, 2009.

**“Credit Facility”** means individually and collectively, any letter of credit, standby bond purchase agreement, municipal bond insurance policy, financial guaranty policy, or similar instrument provided in connection with the issuance of any Series of Bonds to guarantee the timely payment of principal of and interest on and, if required, tender purchase price of such Series of Bonds optionally or mandatorily tendered for purchase as provided in the Supplemental Indenture authorizing such Series of Bonds.

**“Credit Facility Agreement”** means any agreement with a Credit Facility Provider pursuant to which an Credit Facility is issued.

**“Credit Facility Provider”** means any bank or financial institution that provides a Credit Facility for the Bonds.

**“DCED”** means the Pennsylvania Department of Community and Economic Development.

**“Debt Act”** means the Pennsylvania *Local Government Unit Debt Act*, 53 Pa. C.S. §§ 8001 et seq.

**“Debt Service Reserve Fund”** means the fund by that name created pursuant to Section 5.02 hereof.

**“Discretionary Fund”** means the fund by that name created pursuant to Section 5.02 hereof.

**“DTC” or “Securities Depository”** means The Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns.

**“DTC Participant” or “DTC Participants”** means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC system.

**“DelVal”** means the Delaware Valley Regional Finance Authority.

**“Eligible Investment”** means, at the time of the making or purchase thereof, (i) for investments with a maturity or option to tender of 360 days or less, a rating of “A-1” or “A-1+” by S&P, “P-1” or “VMIG 1” by Moody’s, “F1” or “F1+” by Fitch Ratings, or an equivalent rating by any other NRSRO with a published rating on the Bonds and (ii) for investments with a maturity

or option to tender of more than 360 days, counterparty or equivalent ratings of “Aa3” or higher by Moody’s, “AA-” or higher by S&P or Fitch, or an equivalent rating by any other NRSRO with a published rating on the Bonds.

(a) The following are permitted for all purposes, including defeasance investments in refunding escrow accounts:

- (i) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in Paragraph (b) below), or
- (ii) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

(b) The following are permitted for all purposes other than defeasance investments in refunding escrow accounts:

- (i) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks;
- (ii) Commercial paper;
- (iii) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, “Aaa-mf” by Moody’s, “AAAmmf” by Fitch, or an equivalent rating by any other NRSRO with a published rating on the Bonds (without regard to whether the Trustee controls such money market fund);
- (iv) Bonds or notes issued by federal agencies, state or local governments, or financial institutions or other corporations;
- (v) Investment agreements with an Investment Agreement Provider, approved in writing by the Administrator, supported by appropriate opinions of Counsel; and
- (vi) Other forms of investments, including repurchase agreements, approved in writing by the Administrator.

(c) The value of the above investments shall be determined by the Trustee or by a pricing service selected by the Trustee as of the end of each month.

**“Event of Default”** shall have (i) the meaning set forth in Section 10.01 hereof or (ii) as set forth in a Supplemental Indenture with respect to a Series of Bonds secured by a Credit Facility or as otherwise required.

**“Extraordinary Payment”** means (a) any arbitrage rebate payments that may be required in connection with a subsequent change in the interpretation or application of federal tax law to Bonds or (b) payments made pursuant to a negotiated closing agreement reached with the Internal Revenue Service in order to maintain the tax-exempt status of interest on Bonds.

**“Favorable Opinion of Bond Counsel”** means, when used with respect to or in connection with any action, a written opinion of Bond Counsel or Special Tax Counsel to the effect that such action or failure to take action shall not adversely affect the excludability of interest paid on Bonds or a Series of Bonds from gross income for federal or Commonwealth income tax purposes.

**“Fitch”** means Fitch Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall be deemed to refer to any other NRSRO designated by DelVal, by notice to the Trustee.

**“Fixed Rate Loan”** means Loans that bear interest at a fixed rate as calculated by the Administrator.

**“Funds”** means the funds and accounts created pursuant to Article V hereof.

**“Government Obligations”** means any of the following which at the time of investment are legal investments under the laws of the Commonwealth for the moneys proposed to be invested therein: direct general obligations of, or obligations the timely payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America).

**“Gross Proceeds”** shall have the meaning set forth in Section 148 of the *Code*.

**“Guarantee”** means a guarantee of timely Repayments of a Participant executed by a Guarantor.

**“Guarantor”** means a Local Government Unit that pledges its full faith, credit and taxing power to guarantee the Repayments of a Participant.

**“Indenture”** means this Master Trust Indenture, including the Exhibits hereto, and all Supplemental Indentures.

**“Initial Amount”** means the initial principal amount of a Loan.

**“Interest Payment Date”** means each date for the payment of interest on a Series of Bonds as set forth in any Supplemental Indenture with respect to the issuance of a series of Bonds.

**“Interest Rate Management Plan”** means the plan that analyzes the benefits and risks of interest rate swap agreements, as such term is defined in the *Debt Act*.

**“Investment Agreement”** or **“Investment Agreements”** means initially, the Investment Agreement or Investment Agreements entered into on the date of issuance of any Series of Bonds, and any written investment agreement or repurchase agreement relating to a Series of Bonds thereafter entered into by the Trustee at the written direction of DeVal for the purpose of investing moneys deposited in certain of the Funds, which investment agreement or repurchase agreement, and any amendments thereto or replacements thereof, is subject to the approval of DeVal.

**“Investment Agreement Default”** means the failure of the provider of the Investment Agreement to make the payments required thereunder when due.

**“Investment Agreement Guarantor”** means a financial institution with at least one long-term, senior, unsecured debt rating (or counterparty rating) of “A1” or higher by Moody’s, “A+” or higher by S&P or Fitch, or an equivalent rating by any other NRSRO with a published rating on the Bonds, that guarantees the obligations of the Investment Agreement Provider.

**“Investment Agreement Provider”** means a financial institution, which provides an Investment Agreement, with at least one long-term, senior, unsecured debt rating (or counterparty rating) of “A1” or higher by Moody’s, “A+” or higher by S&P or Fitch, or an equivalent rating by any other NRSRO with a published rating on the Bonds, or with a guaranty from an Investment Agreement Guarantor.

**“Liquidation Proceeds”** means amounts received by the Trustee or DeVal in connection with enforcement of any of the remedies under a Loan Agreement after the occurrence of a Loan Agreement Default which has not been waived or cured.

**“Loan”** means a loan of a portion of the proceeds of Bonds to a Participant pursuant to the terms of a Loan Agreement, through the purchase by DeVal of the Participant Note evidencing the Participant’s obligations to repay principal and interest on such loan.

**“Loan Agreement”** means an agreement which is entered into by DeVal and a Participant pursuant to this Indenture, and which is in form and substance similar to the form set forth as “Exhibit A” hereto, except to the extent modified pursuant to Section 6.08 and Article XIII hereof or pursuant to a Supplemental Indenture, and any loan agreement originated by DeVal under any other Indenture and purchased by the Trustee.

**“Loan Agreement Default”** means any event of default, as therein defined, under a Loan Agreement.

**“Loan Agreement Term”** means the term of a Loan Agreement provided for in such Agreement.

**“Loan Documents”** means all of the approvals, agreements, certificates, and schedules required for the closing of a Loan, including the (i) the approvals of the Administrator, DeVal Board, DCED, Participant Credit Enhancer (if any), Swap Counterparty (if required), and Credit Facility Provider (if any); (ii) the Participant Ordinance or Participant Resolution; (iii) the Loan Agreement, Participant Note, Participant Continuing Disclosure Agreement, and Participant Tax Compliance Agreement; (iv) Favorable Opinion of Bond Counsel, opinion of DeVal solicitor,

opinion of the Participant’s solicitor, and, if applicable, opinion of the Guarantor’s solicitor and (v) any other certificates, schedules or Uniform Commercial Code financing statements required by the Administrator or Bond Counsel or required under a Supplemental Indenture.

**“Loan Payment Date”** means the 25<sup>th</sup> day of the month or, if that date is not a Business Day, the next succeeding Business Day.

**“Loan Payment Period”** means, for portions of a Variable Rate Loan, the period beginning on the first Thursday of the month (except for the first Loan Payment Period which shall begin on the date of the closing of the Loan) and ending on the first Wednesday of the subsequent month and shall mean, for portions of a Fixed Rate Loan, the period beginning on the 25<sup>th</sup> day of the month (except for the first Loan Payment Period which shall begin on the day of the closing of the Loan) and ending on, and including, the 24<sup>th</sup> day of the subsequent month.

**“Loan Prepayment Date”** means the date that the prepayment of all or a portion of a Loan is received.

**“Loan Principal”** means the principal amount of the Loan payable in the amounts and on the dates set forth in the Participant Note.

**“Loan Program”** means the program established by DelVal for financing the Projects of Local Government Units and other Participants in the Commonwealth by the issuance of the Bonds.

**“Maximum Rate”** means the lesser of (a) the highest interest rate that may be borne by the Loans under Commonwealth law, and (b) 15% per annum.

**“Monthly Finance Charge”** means the rate, determined by the Administrator, representing each Participant’s allocable share of the Administrative Expenses.

**“Moody’s”** means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Moody’s shall be deemed to refer to any other NRSRO designated by DelVal, by notice to the Trustee.

**“Municipal Obligations”** means obligations of state or local governments, the interest on which is excluded from gross income for federal income tax purposes under the provisions of Section 103 of the Code, which are not private activity bonds under the Code, and which are either not callable or redeemable prior to maturity or are pre-refunded pursuant to an irrevocable agreement providing for payment thereof at maturity or at a redemption date as to which irrevocable instructions have been given for redemption thereof on such date.

**“Nationally Recognized Statistical Rating Organization”** or **“NRSRO”** means a rating agency that meets professional requirements of and is registered with the Securities and Exchange Commission as a nationally recognized statistical rating organization.

“**Net Proceeds**” shall have the meaning set forth in and the amount determined pursuant to § 149(f)(2)(c) of the *Code* to which amount so determined shall be added earnings on the Net Proceeds to any applicable calculation date.

“**Opinion of Counsel**” means an opinion in writing of Counsel.

“**Optional Prepayment Price**” means the principal amount of a Participant Note plus accrued interest thereon to the date of prepayment, plus premium, if any, and any Termination Charge in connection with such optional prepayment, pursuant to the provisions of Section 6.01 of a Loan Agreement which a Participant may pay the Trustee in order to prepay in whole or in part its Repayments and Termination Charges. Payment of the Optional Prepayment Price shall not discharge the Participant from its obligations to make payments of any Administrative Expenses or Compliance Charges which are accrued and unpaid as of the date of such prepayment.

“**Outstanding**” or “**Bonds Outstanding**” means the sum of the principal amount of Bonds or a Series thereof which have been authenticated and delivered by the Trustee under this Indenture except: (a) Bonds or a Series thereof canceled or purchased by or delivered to the Trustee for cancellation pursuant to the provisions of this Indenture; (b) Bonds or a Series thereof that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment, including interest accrued to the due date, of which sufficient moneys are held by the Trustee; (c) Bonds or a Series thereof deemed paid by Section 9.01 hereof; and (d) Bonds or a Series thereof in lieu of which others have been authenticated under Section 2.07 hereof (relating to registration and exchange of Bonds) or Section 2.06 hereof (relating to mutilated, lost, stolen or destroyed Bonds).

“**Outstanding Balance**” means the outstanding and unpaid principal balance of a Participant Note on a Loan.

“**Participant**” means and includes (i) a Local Government Unit located in the Commonwealth, that is legally authorized to borrow money for a Project under the provisions of the *Debt Act*, that executes a Loan Agreement and Participant Note pursuant to this Indenture and that pledges its full faith, credit and taxing power to guarantee payments of Loan Principal and Participant Interest under the Participant Note and Loan Agreement in accordance with the provisions of the *Debt Act* and otherwise covenants to pay amounts due under a Loan Agreement and a Participant Note, (ii) a political subdivision located in the Commonwealth, that is legally authorized to borrow money for a Project under the provisions of the *Debt Act* or *Authorities Act*, and that executes a Loan Agreement and Participant Note pursuant to this Indenture which Loan Agreement and Participant Note are guaranteed by a Guarantor, in accordance with the provisions of the *Debt Act*, (iii) a political subdivision located in the Commonwealth, that is legally authorized to borrow money for a Project under the provisions of the *Debt Act* or *Authorities Act*, that executes a Loan Agreement and Participant Note pursuant to this Indenture, and that has a written agreement with a Local Government Unit that will remain in effect for the term of the Loan Agreement and Participant Note and pursuant to which such Local Government Unit has agreed to pay on a current obligation basis, or otherwise, all amounts necessary to enable such entity to pay, *inter alia*, in each fiscal year thereof all debt service on indebtedness incurred in connection with a Project; and (iv) any authority organized under any law of the Commonwealth by or on behalf of any one or

more Local Government Units, and that meets the following: (a) such entity shall execute a Loan Agreement and Participant Note pursuant to this Indenture which Loan Agreement and Participant Note shall be secured by a pledge and grant of revenues from such entity on a parity with all other debt of such entity and otherwise in form and substance acceptable to DeVal; (b) the Loan to such entity shall not cause, at the time the Loan is made, the total of all Loans outstanding to all entities under this subparagraph (iv) to exceed 20% of the Available Funding; and (c) the Loan Agreement is secured by a Participant Credit Enhancement or, at the time the Loan Agreement is executed, the Participant shall have long-term debt ratings from Moody's or S&P of not less than "Aa3" or "AA-", respectively, and the Loan Agreement and/or Participant Note shall contain the written agreement of the parties thereto that if while the Loan remains outstanding, the published rating of such entity is reduced below "Aa3" from Moody's or "AA-" from S&P, or otherwise withdrawn by either of Moody's or S&P (a "Rating Event"): (1) such entity shall, within one hundred eighty (180) days of the occurrence of such Rating Event or within one such additional ninety (90) day period as DeVal may agree, in its sole discretion: (x) procure Participant Credit Enhancement from a Participant Credit Enhancer; (y) provide a guarantee of a Guarantor in accordance with the provisions of the *Debt Act*; or (z) provide a written agreement with a Local Government Unit that shall remain in effect for the so long as the of the Loan Agreement and Participant Note remain outstanding and pursuant to which such Local Government Unit shall agree to pay on a current obligation basis, or otherwise, all amounts necessary to enable such entity to pay, *inter alia*, in each fiscal year thereof all debt service on indebtedness incurred in connection with a Project of such entity for which the Loan was made; or (2) such entity shall prepay the Loan in such amount and on such terms and conditions as are acceptable to DeVal, in its sole discretion, taking into account the structure of the Loan and the date of prepayment.

**"Participant Continuing Disclosure Agreement"** means the agreement under which a Participant and its Guarantor, if any, agrees to provide annual financial information to the municipal markets in accordance with the requirements of Rule 15c2-12 promulgated under the *Securities and Exchange Commission Act of 1934*, as amended and supplemented from time to time.

**"Participant Credit Enhancement"** means a municipal bond insurance policy, financial guaranty policy, letter of credit, or other enhancement issued by a Participant Credit Enhancer to secure all or a portion of the Repayments of the Participant under this Loan Agreement and the Participant Note.

**"Participant Credit Enhancer"** means a municipal bond insurer or other financial institution, with at least one claims paying ability rating (or equivalent rating) of "Aa3" or higher from Moody's, "AA-" or higher from S&P, or the equivalent rating from any other NRSRO.

**"Participant Interest"** means the rate of interest to be paid by the Participant on a Loan, as set forth in a Loan Agreement and a Participant Note.

**"Participant Note"** means the note executed and delivered by each Participant to evidence its obligation to make all payments under a Loan Agreement.

**“Participant Ordinance”** or **“Participant Resolution”** means the ordinance enacted or the resolution adopted by a Participant, in accordance with the provisions of the *Debt Act* or the *Authorities Act*, authorizing the issuance of the Participant Note and the sale thereof to DelVal, and approving the execution and delivery of the Participant’s Loan Agreement.

**“Participant Tax Compliance Agreement”** means a Tax Compliance Agreement between DelVal and a Participant (new money project, refunding project, recycling project or combined new money project and refunding project, as applicable) concerning compliance with the provisions of Section 103(a) of the Code, executed by a Participant in connection with its execution of a Loan Agreement.

**“Paying Agent”** means the Trustee as paying agent for Bonds, or any successor thereto named by DelVal to act as Paying Agent or any paying agent named for a Series of Bonds in a Supplemental Indenture.

**“Payment Date”** means each date upon which a payment is due for principal, interest, or redemption price of a Series of Bonds, and each date upon which a Swap Payment or Termination Payment is due under any Swap Agreements.

**“Permitted Investment Rate”** means that rate determined from time to time by the Rebate Analyst or Bond Counsel to be the permitted arbitrage yield on Bonds or a Series thereof under Section 148 of the Code.

**“Person”** means (a) any individual, (b) any corporation, partnership, limited liability company, joint venture, association, joint-stock company, business trust or unincorporated organization or grouping of any such entities, in each case formed or organized under the laws of the United States of America, any state thereof or the District of Columbia or (c) the United States of America, any state thereof or the District of Columbia, or any political subdivision of any thereof, or any agency, authority or other instrumentality of any of the foregoing.

**“Principal Payment Date”** means each date set forth in a Supplemental Indenture that payment of principal of a Series of Bonds is due and payable, whether at scheduled maturity, upon mandatory sinking fund redemption or upon optional or extraordinary mandatory redemption.

**“Project”** means a project, as defined in the *Debt Act*, and which constitutes the acquisition, extension, erection, improvement, equipping or repair of any buildings, structures, equipment and improvements constituting a capital project of a Participant, all or a portion of the Cost of which is financed or refinanced by DelVal pursuant to this Indenture and a Loan Agreement.

**“Qualified Interest Rate Management Agreement”** shall have the meaning set forth in the *Debt Act*.

**“Rating Agency”** means Moody’s, S&P, Fitch, or any other NRSRO, and their respective successors and assigns, if such agency’s ratings are in effect with respect to the Bonds.

**“Rebate Amount”** means 100% of the amount required to be rebated on Gross Proceeds to the United States Treasury pursuant to Section 148(f)(2) of the Code.

**“Rebate Analyst”** means Calhoun, Baker Inc., or such other law firm or accounting firm appointed by DelVal specializing in federal arbitrage “rebate” matters under Section 148(f) of the Code.

**“Rebate Fund”** means the fund of that name created by Section 5.02 hereof.

**“Record Date”** means dates established for the determination of payment of interest and principal for a Series of Bonds as set forth in a Supplemental Indenture authorizing the issuance of a Series of Bonds.

**“Recycling Fund”** means the fund of that name created pursuant to Section 5.02 hereof.

**“Recycling Fund Termination Date”** means, as set forth in a Supplemental Indenture with respect to the issuance of a Series of Bonds, as to each receipt of Loan Principal of a Loan, (i) the date that DelVal determines that the proceeds deposited in the Recycling Fund are no longer reasonably expected to be required for the Loan Program or (ii) a period of one year following each repayment of Loan Principal, beginning on the date set forth in such Supplemental Resolution.

**“Redemption Fund”** means the fund created by Section 5.02 hereof.

**“Refunding Bonds”** means any Series of Bonds issued pursuant to Section 2.03 hereof.

**“Repayments”** means the payments of Loan Principal of and Participant Interest on the Participant Notes.

**“Reserve Requirement”** means, as of any date of calculation, the aggregate of all amounts required to be deposited and maintained in the Debt Service Reserve Fund, as set forth in each Supplemental Indenture authorizing the issuance of a Series of Bonds.

**“Revenue Fund”** means the fund of that name created by Section 5.02 hereof.

**“Revenues”** means any Subsidy Payments and all income, revenues, issues, profits and other sums of money received by DelVal from the Loan Agreements, Participant Notes, Guarantees, Swap Agreements and Participant Credit Enhancement, including, without limitation, all Repayments, Termination Charges, Liquidation Proceeds, Optional Prepayment Prices and Swap Receipts.

**“S&P”** means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, S&P shall be deemed to refer to any other NRSRO designated by DelVal, by notice to the Trustee.

**“Series”** means each series of Bonds authorized to be issued by a Supplemental Indenture.

**“Special Tax Counsel”** means a law firm, if any, subsequently designated by DelVal having a national reputation in the field of federal taxation of Municipal Obligations, whose opinions are generally accepted by purchasers of Municipal Obligations and which is reasonably acceptable to the Trustee.

**“Subsidy Payments”** means all payments or refundable tax credits received by DelVal from the United States of America or any agency or department thereof in connection with any particular Series of Bonds issued hereunder.

**“Supplemental Indenture”** means any supplements or amendments to this Indenture from time to time adopted by DelVal (i) in connection with the issuance of a Series of Bonds or (ii) pursuant to Article XII hereof.

**“Swap Agreements”** means interest rate swap agreements which DelVal may execute, from time to time, with a Swap Counterparty in order to reduce the interest costs of Participants, provide for diversification of risks, or to enhance the ability of Participants to manage their liabilities, approved as to form and substance by (i) the Administrator and (ii) the Credit Facility Provider, if applicable, under the Supplemental Indenture.

**“Swap Counterparty”** means (i) individually and collectively, one or more financial institutions which execute a Swap Agreement and which, at the time of execution of the Swap Agreement, by itself or as a result of a guarantee of a Swap Guarantor, has long-term, senior, unsecured debt ratings from two or more Rating Agencies in the “AA” category (or equivalent ratings) or higher or (ii) any financial institution which (a) replaces an existing Swap Counterparty or (b) is added as an additional Swap Counterparty where the existing Swap Counterparty is not replaced, in either event, under circumstances where any existing Swap Counterparty, whether or not replaced, is unwilling or unable to execute any new Swap Transactions or in the case of (b) is added as an additional Swap Counterparty to, as determined by the Administrator, mitigate counterparty risk by limiting the exposure of DelVal to the Swap Counterparties, which in either case would affect the ability of DelVal to achieve its programmatic objectives of providing variable interest rate and fixed interest rate loans to Participants at the lowest possible cost, which additional Swap Counterparty, at the time of execution of the initial Swap Agreement between such additional Swap Counterparty and DelVal, has long term, senior unsecured debt ratings (or equivalent ratings) from the Rating Agencies which are no lower than the unsecured debt ratings on an existing Swap Counterparty (or its Swap Guarantor).

**“Swap Guarantor”** means (i) a financial institution, which guarantees the obligations of a Swap Counterparty under a Swap Agreement, with long-term, senior, unsecured debt ratings from two or more Rating Agencies in the “AA” category (or equivalent ratings) or higher, at the time of execution of such Swap Agreement and (ii) a financial institution, which guarantees the obligations of a replacement Swap Counterparty or an additional Swap Counterparty described in clause (ii) of the definition of Swap Counterparty, and which, at the time of execution of the replacement or additional Swap Agreement, has long term, senior unsecured debt ratings (or equivalent ratings) from the Rating Agencies which are no lower than the unsecured debt ratings on the Swap Counterparty (or its Swap Guarantor) being replaced or augmented.

**“Swap Payment”** means, under a Swap Agreement, an amount payable to a Swap Counterparty or by a Swap Counterparty equal to the periodic scheduled payments accruing on the notional amount specified in such Swap Agreement at a variable rate or a fixed rate computed in accordance with such Swap Agreement.

**“Swap Payment Date”** means the date on which any payments or receipts are due under any Swap Agreements.

**“Swap Rate”** means the rate based upon which amounts payable by DelVal are determined by or with respect to a Swap Agreement, which rate shall not exceed the Maximum Rate.

**“Swap Receipts”** means, under a Swap Agreement, the amounts payable by a Swap Counterparty as Swap Payments and as Termination Payments in respect of the notional amount specified in such Swap Agreement, at a variable rate or a fixed rate computed in accordance with such Swap Agreement.

**“Swap Transaction”** means an interest rate swap transaction related to the Bonds or a Loan executed by DelVal under a Swap Agreement to (i) hedge DelVal’s exposure to future changes in long term fixed interest rates, (ii) reduce the interest costs and costs of issuance of the Loan Program, and (iii) enhance the ability of a Participant to manage its liabilities and diversify its risks by converting all or portions of its Loan to a fixed interest rate or a variable interest rate.

**“Tax Compliance Certificate”** means the Tax Compliance Certificate and Agreement of DelVal dated the date of delivery of each Series of Bonds.

**“Termination Charge”** means the rate or charge, determined by the Administrator, representing a Participant’s allocable share of any Termination Payment paid by DelVal to a Swap Counterparty.

**“Termination Payment”** means an amount payable by DelVal or the Swap Counterparty upon the early termination of a Swap Agreement.

**“Variable Rate Loan”** means Loans which bear interest at a variable rate, as calculated by the Administrator.

**“Yield Reduction Payment” or “Yield Reduction Amount”** means any amount paid to the United States to reduce the yield on Investment Property (as defined in the *Code*) for yield restriction purposes pursuant to Treas. Reg. § 1.148-5(c).

## **Section 1.02 Rules of Interpretation.**

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) This Indenture means this instrument as originally executed and as it may from time to time be supplemented or amended pursuant to the applicable provisions hereof.

(b) All references in this instrument to designated articles, sections and other subdivisions are to the designated articles, sections and other subdivisions of this instrument as originally executed, and as supplemented or amended. The words herein, hereof, hereunder, and herewith and other words of similar import refer to this Indenture as a whole and not to any particular article, section or other subdivision.

(c) The terms defined in Article I have the meanings assigned to them in this Article and include the plural as well as the singular.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

(e) The terms defined elsewhere in this Indenture have the meanings therein ascribed to them.

(f) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(g) The headings used in this Indenture are for convenience of reference only and shall not define or limit the provisions hereof.

(h) Terms in the singular include the plural and vice-versa.

(i) All references herein to time shall be time at the location of the designated corporate trust office of the Trustee, unless otherwise expressly stated and all references to time shall refer to prevailing Eastern Time.

(j) Except as expressly so stated in a Supplemental Indenture, all definitions set forth in this Indenture shall be applicable to such Supplemental Indenture.

**ARTICLE II**  
**AUTHORIZATION AND ISSUANCE OF BONDS**

**Section 2.01 Authorization and Provisions for Issuance of Bonds**

This Indenture and the issuance of Bonds hereunder have been duly authorized by DelVal and the principal amount of Bonds that may be issued hereunder is not limited, except as provided by law. Series of Bonds issued hereunder shall be known and designated as “Delaware Valley Regional Finance Authority Local Government Revenue Bonds, Series \_\_\_\_\_.” The issuance and sale of a Series of Bonds shall be provided in a Supplemental Indenture.

Before any Series of Bonds (other than Refunding Bonds, which shall be issued pursuant to Section 2.03 of this Indenture) shall be authenticated and delivered by the Trustee, there shall be on file with the Trustee the following:

- (a) A copy, duly certified by an Authorized Officer, of this Indenture;
- (b) An Opinion of Bond Counsel stating that (i) the issuance of such Series of Bonds has been duly and validly authorized by DelVal, (ii) this Indenture, as supplemented by the applicable Supplemental Indenture, has been duly adopted and is in full force and effect, (iii) all conditions precedent to the delivery of such Series of Bonds contained in this Indenture have been fulfilled, and (iv) such Series of Bonds and this Indenture and such Supplemental Indenture are valid and binding obligations of DelVal;
- (c) A request and authorization to the Trustee on behalf of DelVal, signed by an Authorized Officer, to authenticate and deliver such Series of Bonds to the purchaser or purchasers, therein identified, upon payment to the Trustee for the account of DelVal of the purchase price therefor;
- (d) A copy of the Supplemental Indenture authorizing such Series of Bonds including, if provided for in such Supplemental Indenture:
  - (i) The aggregate principal amount and the designation and the Series of such Bonds;
  - (ii) The dated date of such Series of Bonds;
  - (iii) The designation of serial or term Bonds or the methodology for making such designation;
  - (iv) The Record Date for such Series of Bonds;
  - (v) The designation of such Bonds as taxable Bonds or tax-exempt Bonds;
  - (vi) If such Bonds are tax-exempt Bonds, the designation of the Bond Year;

- (vii) The amounts and years in which the Bonds of such Series shall mature;
- (viii) The Authorized Denominations of such Series of Bonds;
- (ix) The redemption price or prices, if any, and, the redemption terms for the Bonds of such Series;
- (x) The sinking fund requirements for any term Bonds;
- (xi) The interest rate or rates of the Bonds of such Series or the method of determining such interest rate or rates;
- (xii) The Credit Facility, if any, and provisions relating thereto, for such Series;
- (xiii) The amounts to be deposited from the proceeds of such Series of Bonds in the Funds and accounts, created and established by this Indenture and the Supplemental Indenture, including the amount of the Debt Service Reserve Fund Requirement, if any, for such Series of Bonds and whether such amount is to be funded other than by cash;
- (xiv) The Reserve Requirement for Bonds; and
- (xv) Other terms and conditions, if any, of the Series Bonds deemed advisable by DeIVal.

(e) Such amounts to be deposited in the Funds and accounts held by the Trustee as shall be specified in the Supplemental Indenture authorizing such Series of Bonds;

(f) A Certificate of DeIVal stating that DeIVal is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Indenture;

(g) Written confirmation from the Rating Agency that the issuance of such Series of Bonds will not adversely affect the then existing ratings of any Outstanding Bonds previously issued under this Indenture;

(h) Such further documents and moneys as are required by the provisions of the Supplemental Indenture authorizing such Series of Bonds.

When the documents set forth in this Section 2.01 shall have been filed with the Trustee and when the Bonds described in the Supplemental Indenture mentioned in clause 2.01(d) herein shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver such Bonds at one time to or upon the order of the purchaser or purchasers or designees named in the request and authorization mentioned in clause 2.01(c), but only upon payment to the

Trustee of the purchase price of the Series of Bonds. The Trustee shall be entitled to rely upon such request and authorization as to the amount of such purchase price.

Simultaneously with the delivery of Bonds, the Trustee shall deposit or credit the proceeds of the Bonds into the Funds as directed herein or in the applicable Supplemental Indenture.

### **Section 2.02 Issuance of the Bonds.**

The Bonds shall be issuable only as fully-registered bonds, without coupons, in Authorized Denominations.

The principal amount or the redemption price of Bonds, as the case may be, shall be payable at the principal corporate trust office of the Trustee or its successor, upon presentation and surrender of the Bonds. Payments of interest on the Bonds shall be mailed to the persons in whose names the Bonds are registered on the books of the Trustee at the close of business on the Record Date next preceding each Interest Payment Date; provided that a Bondholder in an aggregate principal amount of at least \$1,000,000 may, by prior written instructions filed with the Trustee (which instructions shall include an agreement to pay the Trustee's reasonable charges in connection therewith, and which instructions shall remain in effect until revoked by subsequent written instructions), direct that interest payments for any period be made by wire transfer to an account in the continental United States or other means acceptable to the Trustee.

If the date for payment of the principal of, premium, if any, or interest on Bonds shall not be a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

### **Section 2.03 Refunding Bonds.**

Refunding Bonds may be issued under and secured by this Indenture, subject to the conditions hereinafter provided in this Section 2.03, from time to time, for the purpose of providing funds, together with any other available funds, for (i) redeeming (or purchasing in lieu of redemption) prior to their maturity or maturities, or retiring at their maturity or maturities, all or any part of the Outstanding Bonds of any Series, including the payment of any redemption premium thereon (or premium, to the extent permitted by law, included in the purchase price if purchased in lieu of redemption), refunding or defeasing any other obligations issued by DeIVal, including any or all interest and redemption premium thereon; (ii) making any required deposits to the Debt Service Reserve Fund; (iii) if deemed necessary by DeIVal, paying the interest to accrue on the Refunding Bonds or other obligations of DeIVal being refunded; and (iv) paying any expenses in connection with such refunding. Before any Refunding Bonds shall be issued and authenticated by the Trustee under the provisions of this Section 2.03, there shall be delivered to the Trustee:

- (a) all of the documents and moneys referred to in Section 2.01;

(b) if all or part of Bonds to be refunded or the other obligations of DelVal to be refunded are to be redeemed prior to maturity, irrevocable instructions from an Authorized Officer of DelVal to the Trustee to redeem the applicable Bonds or applicable other obligations of DelVal;

(c) if the Bonds or other obligations of DelVal to be refunded are not to be redeemed within the next succeeding ninety (90) days after delivery of the Refunding Bonds, irrevocable instructions to the Trustee to duly mail notice that such Bonds or other obligations of DelVal to be refunded, have been refunded, to those persons listed in and in the manner provided for in Section 3.03 hereof or as provided in a Supplemental Indenture;

(d) either (i) moneys in an amount sufficient to effect payment at the applicable redemption price of Bonds or other obligations of DelVal to be refunded, together with accrued interest on such Bonds or other obligations to be refunded to the date fixed for their redemption, which moneys shall be held by the Trustee in a separate account irrevocably in trust for and assigned to the respective Bondholders of the Bonds or other obligations to be refunded, or (ii) Eligible Investments listed in clause (a) of the definition thereof in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of Section 9.01(b) and any moneys required pursuant to said section, which Eligible Investments and moneys shall be held in trust and used only as provided in said section; and

(e) such further documents and moneys as are required by the provisions of the Supplemental Indenture authorizing the Refunding Bonds.

When the documents set forth in this Section shall have been filed with the Trustee and when the Refunding Bonds described in the Supplemental Indenture mentioned in clause 2.01.(d) hereof shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver such Refunding Bonds at one time to or upon the order of the purchaser or purchasers named in the request and authorization mentioned in clause 2.01(c) hereof, but only upon payment to the Trustee of the purchase price of such Refunding Bonds. The Trustee shall be entitled to rely upon such request and authentication as to the amount of such purchase price.

The proceeds of such Refunding Bonds shall, to the extent practicable, be invested and reinvested by the Trustee, with the approval of DelVal, in Eligible Investments, and the moneys so invested shall be available for use when required. The income derived from such investments shall be added to such proceeds and applied in accordance with the provisions of this Section 2.03.

#### **Section 2.04 Execution.**

Bonds shall be executed on behalf of DelVal with the manual or facsimile signature of the Chairman or Vice-Chairman, and shall have impressed or imprinted thereon, by facsimile or otherwise, the official seal of DelVal and shall be attested with the manual or facsimile signature of DelVal's Secretary or Assistant Secretary. In case any officer of DelVal whose signature or whose facsimile signature shall appear on Bonds shall cease to be such officer before the delivery

of such Bonds, such signature or facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

#### **Section 2.05 Authentication.**

No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Bond, substantially in the form set forth in the Supplemental Indenture authorizing such Bond, has been duly executed and dated by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture as of the date of authentication shown thereon. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed and dated by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign and date the certificate of authentication on all of the Bonds.

#### **Section 2.06 Mutilated, Lost, Stolen or Destroyed Bonds; Undelivered Bonds.**

(a) If any Bond is mutilated, lost, stolen or destroyed, DeIVal shall execute and the Trustee shall authenticate a new Bond of the same Series, maturity and denomination as that Bond mutilated, lost, stolen or destroyed; provided that in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to DeIVal and the Trustee evidence of such loss, theft or destruction satisfactory to DeIVal and the Trustee, together with an indemnity satisfactory to them. In the event any such Bond shall have matured or been called for redemption, instead of issuing a duplicate Bond, DeIVal may pay or cause to be paid the same upon receipt of the aforesaid indemnity. DeIVal and the Trustee may charge the owner of such Bond for their reasonable fees and expenses in connection with replacing any Bond mutilated, lost, stolen or destroyed.

(b) Every new Bond issued pursuant to this Section shall (i) constitute the same contractual obligation of DeIVal as the mutilated, lost, stolen or destroyed Bond, and (ii) be entitled to all of the benefits of this Indenture, equally and proportionally with any and all other Bonds issued and outstanding hereunder.

(c) All Bonds shall be held and owned on the express condition that the foregoing provisions of this Section are exclusive with respect to the replacement or payment of mutilated, lost, stolen or destroyed Bonds and, to the extent permitted by law, shall preclude any and all other rights and remedies with respect to the replacement or payment of negotiable instruments or other investment securities without their surrender, notwithstanding any law or statute to the contrary now existing or enacted hereafter.

## **Section 2.07 Transfer and Exchange of the Bonds; Persons Treated as Bondholders; Book Entry System.**

(a) DelVal shall cause to be kept at the corporate trust office of the Trustee a register for the registration, exchange and transfer of Bonds (the “Bond Register”). DelVal hereby appoints the Trustee its registrar and transfer agent to keep such Bond Register and to make such registrations, exchanges and transfers as set forth herein and in the form of Bonds issued hereunder. DelVal, the Trustee and any other paying agent of DelVal may treat and consider the registered Bondholder of any Bond as the absolute owner thereof for all purposes, any notice to the contrary notwithstanding.

(b) Bonds may be transferred upon delivery to the Trustee of the Bond or Bonds to be transferred, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered Bondholder of such Bond or Bonds or his duly authorized representative, containing written instructions of transfer. No transfer of any Bond shall be effective until entered in the Bond Register. Bonds may be exchanged for Bonds of the same Series and maturity and of authorized denomination or denominations in the same aggregate principal amount and bearing the same rate of interest. No exchange or transfer shall be required to be made (i) during a period beginning 15 days prior to the date of mailing of any notice of redemption of Bonds and ending on the day of such redemption or (ii) for any Bonds so selected for redemption in whole or in part.

In all cases of the transfer of Bonds, the Trustee shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of Authorized Denominations of the same Series and maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive. No transfer of any Bond shall be effective until entered on the registration books.

(c) (i) Notwithstanding the foregoing provisions of this Article II, each Series of Bonds shall initially be issued in the form of one or more fully-registered bonds for the aggregate principal amount of the Bonds of each Series and maturity, which Bonds shall be registered in the name of Cede & Co., as nominee of DTC. Except as provided in Subparagraph (vii) below, all of the Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that the Bonds be registered in the name of a different nominee, the Trustee shall exchange all or any portion of the Bonds for an equal aggregate principal amount of Bonds registered in the name of such nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from DelVal or the Trustee either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Bonds on the registration books maintained by the Trustee, in connection with discontinuing the book entry system as provided in Subparagraph (vii) below or otherwise.

(ii) So long as the Bonds or any Series thereof are registered in the name of DTC, the principal or redemption price of and interest on such Bonds shall be paid to DTC or

its nominee in accordance with the provisions of DeIVal's "Letter of Representations" on file with DTC, on the dates provided for such payments under this Indenture. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of DeIVal or the Trustee with respect to the principal or redemption price of or interest on the Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Bonds Outstanding of any Series or maturity, the Trustee shall not require surrender by DTC or its nominee of the Bonds so redeemed, but DTC (or its nominee) may retain such Bonds and make an appropriate notation on the Bond certificates as to the amount of such partial redemption; provided that DTC shall deliver to the Trustee, in each case, a written confirmation of such partial redemption and thereafter the records maintained by the Trustee shall be conclusive as to the amount of the Bonds of such maturity which have been redeemed.

(iii) DeIVal and the Trustee shall treat DTC (or its nominee) as the sole and exclusive Bondholder registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither DeIVal nor the Trustee shall be affected by any notice to the contrary. Neither DeIVal nor the Trustee shall have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Trustee as being a Bondholder, with respect to: (A) the Bonds; or (B) the accuracy of any records maintained by DTC or any such participants; or (C) the payment by DTC or any such participant of any amount in respect of the principal or redemption price of or interest on the Bonds; or (D) any notice which is permitted or required to be given to Bondholders under this Indenture; or (E) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Bonds; or (F) any consent given or other action taken by DTC as a Bondholder.

(iv) So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the Bondholders under this Indenture shall be given to DTC as provided in the Letter of Representations.

(v) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture by DeIVal or the Trustee with respect to any consent or other action to be taken by Bondholders, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that DeIVal or the Trustee may establish a special record date for such consent or other action. DeIVal or the Trustee shall give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(vi) Any successor Trustee shall, in its written acceptance of its duties under this Indenture, agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.

(vii) The book-entry-only system for registration of the ownership of the Bonds or any Series may be discontinued at any time if either: (A) after notice to DelVal and the Trustee, DTC determines to resign as securities depository for the or any Series Bonds; or (B) after notice to DTC and the Trustee, DelVal determines that continuation of the system of book-entry-only transfers through DTC (or through a successor securities depository) for the Bonds or any Series is not in the best interest of DelVal. In either of such events, unless DelVal appoints a successor securities depository, the Bonds or any Series shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated in writing by DTC, but without any liability on the part of DelVal or the Trustee for the accuracy of such designation. Whenever DTC requests DelVal and the Trustee to do so, DelVal and the Trustee shall cooperate with DTC in taking appropriate action after reasonable written notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

### **Section 2.08 Cancellation of the Bonds.**

All Bonds paid, redeemed or purchased, either at or before maturity, shall be delivered to the Trustee when such payment, redemption or purchase is made, and except as otherwise provided herein, shall be canceled. Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount thereof or for replacement pursuant to Section 2.06 or for transfer or exchange pursuant to Section 2.07 the Trustee shall safeguard such Bond for such period of time as may be required by governmental regulations and thereafter promptly cancel the Bond in accordance with the Trustee's customary procedure.

### **Section 2.09 Temporary Bonds.**

Pending the preparation of definitive Bonds, DelVal may execute and the Trustee shall thereupon authenticate and deliver temporary Bonds. Temporary Bonds shall be issuable as registered Bonds of any Authorized Denomination, and substantially in the form of the definitive Bonds but with such omissions, insertions and variations as may be appropriate for temporary Bonds, all as may be determined by DelVal. Every temporary Bond shall be executed by DelVal and authenticated by the Trustee upon the same conditions, and with like effect, as the definitive Bonds. As promptly as practicable, DelVal shall execute and furnish definitive Bonds and thereupon temporary Bonds may be surrendered in exchange therefor without charge at the principal corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds a like aggregate principal amount of definitive Bonds. Until so exchanged the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds. It shall not be necessary to prepare definitive Bonds so long as all Bonds are held under the book-entry system described in Section 2.07(c).

## **Section 2.10 Nonpresentment of the Bonds.**

In the event any Bond shall not be presented for payment when the principal or redemption price thereof becomes due, either at maturity, at the date fixed for redemption, or otherwise, or if an interest check shall not be cashed, if funds sufficient to pay such Bond or interest shall have been made available to the Trustee for the benefit of the owner thereof, all liability of DeIVal to the owner thereof for the payment of the principal or redemption price of or interest on such Bond, as the case may be, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds, without liability to any Bondholder, any beneficial owner, or any other Person for interest thereon, solely for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond, the principal or redemption price thereof or such interest thereon, as the case may be; provided that any money deposited with the Trustee for the payment of the principal or redemption price of or interest on any Bond and remaining unclaimed for 24 months after such principal or redemption price has become due and payable shall, at the written request of DeIVal, be paid to DeIVal, and the Bondholder of such Bond or interest, as the case may be, shall thereafter look solely to DeIVal for the payment of such moneys; and all liability of the Trustee with respect to such trust money shall also thereupon cease.

## **Section 2.11 Bonds Limited Obligations; Source and Security for Payment.**

The Bonds shall be limited and special obligations of DeIVal, payable solely from the Trust Estate (and the Covenant Agreement to the extent provided therein), including amounts paid by the Participants pursuant to the Loan Agreements and Participant Notes, Revenues and moneys available under the terms hereof and investments under the Investment Agreements. The Bonds and the payment thereof shall be solely secured, equally and ratably by the pledge of the Trust Estate set forth in the granting clauses hereof, upon the terms and conditions set forth herein. There shall be no other recourse against DeIVal or any incorporator, member, director or officer of DeIVal, past, present or future, or any other property now or hereafter owned by it, except the Trust Estate. The Bonds are entitled to the benefits of this Trust Indenture equally and ratably both as to principal and interest with all other Bonds issued hereunder.

The obligation of DeIVal under the Credit Facility Agreements, if any, and Swap Agreements, if any, to make Swap Payments shall also be secured by a pledge of the Trust Estate, pari-passu with the Bonds.

No recourse shall be had for the payment of the principal, interest or redemption price of Bonds, or for any claim based thereon or on the Swap Agreements, if any, or on this Indenture, against any incorporator, member, officer or employee, past, present or future, of DeIVal or of any successor body as such, either directly or through DeIVal or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being by the acceptance hereof and, as a material part of the consideration for the issuance of Bonds, expressly waived and released.

DelVal shall not be obligated to pay the principal, interest, or redemption price of Bonds except from the Trust Estate in the manner provided herein and to the extent provided in the Covenant Agreement, and neither the faith and credit nor the taxing power of the Commonwealth of Pennsylvania or any political subdivision thereof, including DelVal, is pledged to the payment of the principal amount, interest, or redemption price of the Bonds. Neither the Commonwealth of Pennsylvania nor any political subdivision thereof nor DelVal nor any Participant shall be obligated to (a) exercise its taxing power to pay the principal or interest on Bonds or the redemption price thereof, or other costs incident thereto, or (b) to pay the same from any other funds except from the Trust Estate in the manner provided herein. It is further agreed between DelVal and the registered owner of each Bond that such Bond and the indebtedness evidenced thereby shall not constitute a lien on any property of DelVal but shall constitute a lien only on the Trust Estate in the manner provided in this Indenture. THE BONDS ARE SOLELY AND EXCLUSIVELY LIMITED, SPECIAL OBLIGATIONS OF DELVAL AND DO NOT CREATE AN OBLIGATION OR DEBT OF DELVAL, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF OR GOVERNMENTAL AGENCY EXISTING UNDER THE LAWS THEREOF WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION WHATSOEVER.

## **ARTICLE III REDEMPTION OF THE BONDS**

**Section 3.01 Privilege of Redemption and Redemption.** Bonds of a Series shall be subject to redemption prior to maturity as provided in the Supplemental Indenture authorizing such Series of Bonds. The provisions of this Article III shall govern each redemption, unless otherwise provided in the Supplemental Resolution authorizing a Series of Bonds.

**Section 3.02 Provisions Applicable to Redemption of the Bonds.**

In the event of an extraordinary mandatory redemption, moneys in the Acquisition Fund or the Recycling Fund, as applicable, representing proceeds of the Series of Bonds being redeemed, shall be transferred to the Redemption Fund and shall be applied to redeem Bonds of the Series to be redeemed in Authorized Denominations in the largest principal denomination that is less than or equal to the amount of such moneys; provided that the unrefunded amount of such Bonds is less than \$5,000.

Upon deposit of moneys in the Redemption Fund, the Trustee shall provide notice thereof to the Administrator and request that the Administrator determine the redemption price, on the redemption date, of an original principal amount of the Series of Bonds to be redeemed equal to such deposit.

Except as provided in a Supplemental Indenture, if less than all of a Series Bonds are to be redeemed, DeVal shall determine the maturities of the Series of Bonds to be redeemed, unless applicable law requires a different method of determination in which event such law shall apply to the method of determination.

DeVal shall provide for a partial termination of the applicable Swap Agreements, if any, in the notional amount equal to the principal amount of a Series of Bonds to be redeemed, and shall apply any Termination Payment received by the Trustee in respect thereto to the extraordinary mandatory redemption of such Series of Bonds on the redemption date.

**Section 3.03 Notice of Redemption.**

For Bonds being redeemed, upon written direction of DeVal, the Trustee shall prepare and send notice of each redemption to each Bondholder whose Bonds are being redeemed, and to the Administrator by first-class mail at least 15 days but not more than 30 days before each redemption date. Each notice shall identify the Bonds or portions thereof to be redeemed and shall state (a) the redemption date, (b) the redemption price, (c) that the Bonds called for redemption must be surrendered to collect the redemption price, (d) the address at which the Bonds must be surrendered, (e) that interest on the Bonds called for redemption ceases to accrue on the redemption date, (f) the CUSIP number of the Bonds and (g) any condition to the redemption.

A copy of each notice of redemption shall also be sent by the Trustee by overnight delivery, telecopy, electronic mail, or certified or registered mail to each securities depository (a

“Depository”) registered with the Securities and Exchange Commission under the *Securities Exchange Act of 1934*, as amended, two Business Days prior to mailing notice to other Bondholders, and to two national information services that disseminate redemption notices, provided that the Trustee may, in the alternative, provide for overnight, telecopied or other form of notice to a Depository acceptable to or requested by such Depository; provided further, that any failure to give the notice required by this paragraph shall not affect the validity of any proceeding for the redemption of Bonds.

The particular Bonds to be called for redemption will be selected by DTC in accordance with its Rules of Procedure so long as DTC or its nominee is the sole registered Bondholder, or if DTC, or its nominee, is not the registered owner, by lot or such other method as the Trustee deems fair and appropriate.

With respect to any Bonds to be redeemed that have not been presented for redemption within 60 days after the redemption date, the Trustee shall prepare and the Trustee shall give a second notice of redemption to the Bondholder of any such Bonds that have not been presented for redemption by first class mail, within 30 days of the end of such 60-day period; provided further, that any failure to give the notice required by this paragraph shall not affect the validity of any proceeding for the redemption of Bonds.

Failure by the Trustee to give any notice of redemption as to any particular Bonds shall not affect the validity of the call for redemption of any Bonds in respect of which no such failure has occurred. Any notice mailed as provided in the Bonds shall be conclusively presumed to have been given whether or not actually received by any Bondholder.

In the event that any Bonds are called for redemption and the amounts required for payment of the redemption prices thereof are not on deposit with the Trustee on the date set for redemption, the Trustee shall notify the registered owners of such Bonds that such redemption has been rescinded, and shall return any Bonds surrendered for redemption to the registered owners thereof; and DelVal, the Trustee and the registered owners shall be restored to their prior position.

### **Section 3.04 Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue.**

On the redemption date, the redemption price of each Bond to be redeemed hereof shall become due and payable; and from and after such date, notice having been given and amounts having been made available and set aside for such redemption, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any Bonds called for redemption. From and after such date of redemption (such notice having been given and such amounts having been made available and set aside for such redemption) the Bonds to be redeemed shall no longer be deemed to be Outstanding hereunder, and DelVal shall be under no further liability in respect thereof.

**ARTICLE IV  
[RESERVED]**

## **ARTICLE V REVENUES AND FUNDS**

### **Section 5.01 [Reserved].**

### **Section 5.02 Creation of Funds.**

There are hereby created by DeVal and ordered established the following Funds and accounts to be held by the Trustee: (a) the Revenue Fund and within the Revenue Fund, a Principal Account, an Interest Account, a Program Administration Account and a Clearing Account; (b) the Acquisition Fund; (c) the Recycling Fund and within the Recycling Fund, a New Money Loan Principal Account and a Refunding Loan Principal Account; (d) the Redemption Fund; (e) the Rebate Fund; (f) the Discretionary Fund; (g) the Debt Service Reserve Fund; and (h) the Costs of Issuance Fund. The Trustee is hereby authorized to create accounts and subaccounts in the Funds hereby created (i) at the direction of the Administrator in order to segregate moneys or to accomplish any other administrative purpose and (ii) in compliance with the provisions of any Supplemental Indenture authorizing issuance of a Series of Bonds.

Subject to the provisions of the Tax Compliance Certificate, all funds in the Revenue Fund, the Acquisition Fund, the Recycling Fund, the Discretionary Fund, and the Debt Service Reserve Fund shall be invested by the Trustee, as directed by DeVal, in one (1) or more Investment Agreements. In the event the Investment Agreements are no longer in effect and no replacement Investment Agreement is established for the Trustee, all funds in such accounts and Funds shall be invested in Eligible Investments with maturities as directed by DeVal.

### **Section 5.03 Payments into, and Use of Moneys in, the Acquisition Fund and the Recycling Fund.**

(a) The Trustee shall deposit into: (i) the Acquisition Fund, the portion of the proceeds of a Series of Bonds as determined pursuant to the Supplemental Indenture authorizing such Series of Bonds; and (ii) the Recycling Fund, to the extent described in Subsection 5.03(b)(iv) and Section 5.04 hereof, the portion of the Repayments representing Loan Principal with respect to Loans made with proceeds of such Series of Bonds.

(b) Moneys in the Acquisition Fund and the Recycling Fund shall be used as set forth below:

- (i) At the closing of Participant Notes, moneys in the Acquisition Fund and/or the Recycling Fund shall be used to purchase the Participant Notes at par in a principal amount equal to the Initial Amount. The Trustee shall disburse the proceeds in the amounts and to the parties directed by the Administrator in the Closing Receipts for the Participant Notes. Moneys shall be disbursed from the Acquisition Fund prior to moneys being disbursed from the Recycling Fund.

- (ii) Moneys in the Acquisition Fund and the Recycling Fund shall be transferred to the Rebate Fund as required pursuant to Section 5.07(b) hereof.
- (iii) On each respective Acquisition Fund Termination Date, the amount in the respective sub-account of the Acquisition Fund attributable to such Series of Bonds necessary to redeem the applicable Series of Bonds shall be transferred to the Redemption Fund pursuant to Section 5.06 hereof and held and applied to redeem such Series of Bonds pursuant to Article III hereof and the provisions of the Supplemental Indenture which authorized the issuance of such Series of Bonds.
- (iv) Repayments representing payments of Loan Principal made from the proceeds of a Series of Bonds for new money projects shall be deposited into the New Money Loan Principal Account of the Recycling Fund from the Revenue Fund pursuant to Section 5.04 hereof and Repayments representing Loan Principal on Participant Notes with respect to Loans made from the proceeds of a Series of Bonds made more than ninety (90) days following the issuance of said Series of Bonds to redeem tax exempt obligations, shall be deposited in the Refunding Loan Principal Account of the Recycling Fund pursuant to Section 5.04 hereof. Moneys in the Recycling Fund shall be disbursed in accordance with Subsection 5.03(b)(i) hereof, subject to the provisions of Subsections 5.03(b)(ii), 5.03(b)(v) and 5.03(b)(vi) hereof; provided, however, that moneys in the Refunding Loan Principal Account of the Recycling Account shall only be used to purchase Participant Notes evidencing Loans for new money projects, unless DelVal and the Trustee have received a Favorable Opinion of Bond Counsel to the effect that such moneys can be used to purchase Participant Notes evidencing Loans which constitute refundings.
- (v) On each respective Recycling Fund Termination Date, the amount in the respective sub-account of the Recycling Fund attributable to such Series of Bonds shall be transferred to the Redemption Fund pursuant to Section 5.06 hereof and held and applied to redeem the applicable Series of Bonds pursuant to Article III hereof and the provisions of the Supplemental Indenture which authorized the issuance of such Series of Bonds, unless prior to the date established for such redemption, the Trustee receives a Favorable Opinion of Bond Counsel.
- (vi) On each Principal Payment Date, moneys in the Acquisition Fund or the Recycling Fund shall to the extent necessary, be transferred

to the Principal Account of the Revenue Fund to pay the principal of the Bonds.

**Section 5.04 Payments into, and Use of Moneys in, the Revenue Fund.**

- (a) There shall be deposited into the Revenue Fund, as and when received:
  - (i) all Repayments received from Participants, Guarantors, and Participant Credit Enhancers transferred from the Clearing Account;
  - (ii) all Swap Receipts and Termination Payments received from a Swap Counterparty;
  - (iii) all earnings on Funds invested hereunder;
  - (iv) moneys transferred from other Funds under this Indenture;
  - (v) moneys received in connection with a Participant Default and the exercise of remedies under a Loan Agreement or Guarantee;
  - (vi) all moneys contributed by DeVal and all moneys transferred pursuant to the Covenant Agreement at the direction of the Administrator;
  - (vii) to the extent and as provided in a Supplemental Indenture, moneys representing a draw on any Credit Facility (the timing of which shall be set forth in a Supplemental Indenture) to make payment of the principal of and interest on any Series of Bonds (other than Bonds pledged to a Credit Facility Provider or Bonds which are otherwise not Eligible Bonds) for which a Credit Facility has been provided, which moneys shall be deposited into a separate subaccount in the Revenue Fund which the Trustee is directed to establish for each Credit Facility, which funds shall not be commingled with any other funds; and
  - (viii) all Subsidy Payments received by DeVal.

(b) Moneys in the Revenue Fund shall be used for the following payments and transfers on the following dates and in the following order of priority; provided, however, that (A) draws on any Credit Facility to pay principal of or interest on a Series of Bonds secured by such Credit Facility shall be paid directly to the Owner of such Series of Bonds or as provided in a Supplemental Indenture and (B) Subsidy Payments, if any, shall be used solely (i) to pay interest on Bonds, or, (ii) if interest on Bonds has been paid from a draw on a Credit Facility, to reimburse the Credit Facility Provider or (iii) if the Subsidy Payments specifically provide or require, to pay interest on Bonds to which such Subsidy Payments relate or to reimburse a Credit Facility Provider for a draw on a Credit Facility to which such Bonds relate:

- (i) on each Interest Payment Date and each Swap Payment Date (which is an Interest Payment Date), to pay interest on the Bonds or, if interest on the Bonds has been paid from a draw on a Credit Facility, to reimburse the Credit Facility Provider and to make the Swap Payments due under any Swap Agreement;
- (ii) on each Swap Payment Date (which is not an Interest Payment Date), to make the Swap Payments due under any Swap Agreements;
- (iii) on each Principal Payment Date, to pay the principal or redemption price due on the Bonds or, if the principal or redemption price due on the Bonds has been paid from a draw on a Credit Facility, to reimburse the Credit Facility Provider;
- (iv) to make any payments required to be made to a Credit Facility Provider pursuant to a Credit Facility Agreement;
- (v) on each Loan Payment Date and Loan Prepayment Date, to the Recycling Fund (and the applicable sub-account thereof), Repayments (from whomever paid) constituting Loan Principal on Participant Notes pursuant to the Loan Agreements;
- (vi) on each Loan Payment Date and Loan Prepayment Date, to the Discretionary Fund, Termination Charges received;
- (vii) as necessary, to pay Administrative Expenses;
- (viii) as necessary, to the Debt Service Reserve Fund, to the extent required to replenish any deficiency therein;
- (ix) if DelVal shall have received notice of an early termination under any Swap Agreement and notice that a Termination Payment will be due to a Swap Counterparty, the Administrator shall direct the Trustee to transfer to the Discretionary Fund, if necessary, an amount sufficient to make the Termination Payment; and
- (x) from time to time, to the Discretionary Fund in such amounts as may be directed by the Administrator.

(c) The Trustee shall notify DelVal (and the Administrator) by 3:30 p.m. on any day on which a Credit Facility Provider fails to honor a draw on a Credit Facility securing the principal or interest on a Series of Bonds and in such case the Trustee shall make any required payments as set forth in Section 5.05 hereof.

(d) The Trustee shall notify DelVal (and the Administrator) on any Interest Payment Date or Principal Payment Date if insufficient moneys are on deposit in the Revenue

Fund to make the payments of interest or principal, as the case may be, on Bonds and in such case the Trustee shall make any required payments as set forth in Section 5.05 hereof.

**Section 5.05 Payment of Bonds; Payments to Swap Counterparties.**

The Trustee shall make payments when due of principal of and interest on Bonds, and amounts due as Swap Payments, as follows and in the order of priority set forth within each category, as applicable:

(a) FIRST, from the Revenue Fund; provided that any payment of principal and interest on Bonds secured by a Credit Facility shall be made first, from the proceeds provided by such Credit Facility and thereafter from other moneys in the Revenue Fund;

(b) SECOND, from the Discretionary Fund,

(c) THIRD, from moneys provided pursuant to the Covenant Agreement;

(d) FOURTH, from any moneys available in the Debt Service Reserve Fund;  
and

(e) LAST, from any other moneys in the Trust Estate available to the Trustee for such purposes.

Payments of Termination Payments shall be paid only from moneys in the Discretionary Fund or provided pursuant to the Covenant Agreement and only after payment in full of all amounts then due on Bonds and as Swap Payments.

**Section 5.06 Payments into, and Use of Moneys in, the Redemption Fund.**

Amounts transferred pursuant to Section 5.03(b)(iii) and 5.03(b)(v) hereof shall be promptly deposited in the Redemption Fund and applied to the redemption of the applicable Series of Bonds.

**Section 5.07 Payments into, and Use of Moneys in, the Rebate Fund.**

(a) Any provision hereof to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien hereunder. In accordance with Treasury Regulation § 1.148-7(b)(6)(ii), DeVal hereby elects to apply the spending exceptions under Section 148(f)(2) of the *Code* separately to each Loan.

(b) DeVal shall, at the expense of each Participant, engage and furnish information to the Rebate Analyst to calculate, not later than sixty (60) days after the end of each fifth Bond Year for a Series of Bonds and not later than sixty (60) days after the payment in full of all Outstanding Bonds, the allocable portion of the Rebate Amount and/or Yield Reduction Amount, if any, on a Loan by Loan basis as of the end of each such fifth Bond Year or the date of such final payment. Any Participant exempt from rebate pursuant to Treasury Regulation § 1.148-8 determined by the Administrator shall be excused from the rebate requirements of this paragraph.

Based on information available to and provided to the Rebate Analyst, the Rebate Analyst shall notify each Participant, as applicable, in writing of that amount and of the amount then on deposit in the Rebate Fund applicable to each Loan. If the amount then on deposit in the Rebate Fund is less than such Rebate Amount and/or Yield Reduction Amount, if any, allocable to the Participant, DelVal shall cause the Participant, within five (5) days after receipt of the aforesaid notice from the Rebate Analyst, to pay to the Trustee for deposit in the Rebate Fund an amount sufficient to cause the Rebate Fund to contain an amount equal to such Rebate Amount and/or Yield Reduction Amount, if any, attributable to such Participant. If the Participant does not pay the required amount within five days after receipt of the aforesaid notice from the Rebate Analyst, the Administrator shall direct the Trustee to immediately transfer to the Rebate Fund, that amount, first, from the Discretionary Fund, second, from the Acquisition Fund and third, from the Recycling Fund, to the extent of moneys available therein.

(c) DelVal shall furnish information to the Rebate Analyst to calculate not later than sixty (60) days after the end of each fifth Bond Year for any Series of Bonds and not later than sixty (60) days after the payment in full of all Outstanding Bonds, the Rebate Amount and/or Yield Reduction Amount with respect to amounts not loaned or otherwise attributable to Participants as of the end of such fifth Bond Year or the date of such final payment. Based on information provided by the Rebate Analyst, DelVal shall immediately instruct the Trustee to deposit in the Rebate Fund, such Rebate Amount, first from the Discretionary Fund, second, from the Acquisition fund and third, from the Recycling Fund, to the extent of moneys available therein.

(d) Within 60 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, the Trustee, acting on behalf of, and at the written direction of, DelVal, shall pay to the United States in accordance with § 148(f) of the *Code*, to the extent of moneys then on deposit in the applicable account in the Rebate Fund, an amount equal to 90% of the Rebate Amount and/or Yield Reduction Amount, if any, earned from the date of the original delivery of a Series of Bonds to the end of such fifth Bond Year (less the amount of Rebate Amounts, if any, previously paid to the United States pursuant to this Section). Within 60 days after the payment in full of all Outstanding Bonds, the Trustee shall pay to the United States in accordance with § 148(f) of the *Code*, to the extent of moneys then on deposit in the applicable accounts in the Rebate Fund, at the written direction of DelVal, an amount equal to 100% of the Rebate Amounts and/or Yield Reduction Amount, if any, earned from the date of the original delivery of the Bonds to the date of such payment (less the Rebate Amounts and/or Yield Reduction Amount, if any, previously paid to the United States pursuant to this Section). All computations of Rebate Amounts pursuant to this section shall treat the amount or amounts, if any, previously paid to the United States pursuant to this Section as amounts on deposit in the Rebate Fund.

(e) The Rebate Analyst shall provide DelVal with records of the computations made pursuant to this Section and DelVal shall maintain such records for six (6) years following receipt thereof.

(f) Notwithstanding anything to the contrary contained herein, annually, as of each December 31, the Rebate Analyst shall calculate the estimated amount (the “Annual Rebate Estimate”) that shall be required to be paid to the United States of America in order to preserve the exclusion of interest on Bonds from gross income of the Bondholders thereof for federal

income tax purposes. To the extent the Annual Rebate Estimate exceeds the amount then on deposit in the Discretionary Fund, the Administrator, subject to the next sentence, shall transfer from the Revenue Fund amounts constituting Administrative Expenses to the Discretionary Fund sufficient to cure such deficiency.

(g) Neither the Administrator nor the Trustee shall have any duty or responsibility to independently verify any of the calculations or instructions with respect to transfers by the Trustee to the Rebate Fund (or related assessments of the Participants) or withdrawals from the Rebate Fund, and both the Administrator and the Trustee shall be fully protected in relying solely upon the direction of DelVal in this regard. Under no circumstances whatsoever shall the Trustee be liable to DelVal, any Participant, any Bondholder or any other person for any loss of tax-exempt status of the Bonds, or any claims, demands, damages, liabilities, losses, costs or expenses resulting therefrom or in any way connected therewith, so long as the Trustee acts only in accordance with the Indenture and the direction of DelVal.

#### **Section 5.08 Use of Moneys in the Cost of Issuance Fund.**

Moneys in the Cost of Issuance Fund shall be used to pay the costs of issuing a Series of Bonds, including any fees charged by DelVal. Such costs shall be paid on the date of original authentication and delivery of a Series of Bonds or not later than the 180<sup>th</sup> day thereafter, upon the submission of a closing statement or requisitions to the Trustee by an Authorized Officer of DelVal stating the amount to be paid, to whom it is to be paid and the reason for such payment, each such requisition to include a certificate signed by an Authorized Officer of DelVal stating that the amount of such closing statement or requisition is due and owing and has not been the subject of another requisition which was paid and is a proper expense of issuing such Bonds. Moneys in the Cost of Issuance Fund shall be invested in the Investment Agreement and all earnings on moneys in the Cost of Issuance Fund shall be credited to the Revenue Fund as received. Any funds remaining in the Cost of Issuance Fund for more than 180 days following the issuance of a Series of Bonds shall be transferred to the Acquisition Fund.

#### **Section 5.09 Amounts in the Debt Service Reserve Fund.**

(a) DelVal shall direct the Trustee to deposit into the Debt Service Reserve Fund such portions of the proceeds of the sale of a Series of Bonds, if any, as shall be provided in the Supplemental Indenture authorizing the issuance thereof, and any moneys which may be made available to DelVal for the purposes of the Debt Service Reserve Fund from any other sources.

A Supplemental Indenture may provide that the Debt Service Reserve Fund Requirement, if any, may be funded in whole or in part by a letter of credit, insurance policy, surety, guaranty or other security arrangement upon which DelVal may make a draw to provide funds as needed for the Debt Service Reserve Fund.

(b) The amounts in the Debt Service Reserve Fund shall be applied to pay the principal and interest on Bonds (or to reimburse any Credit Facility Provider for payment of principal and interest on Bonds secured by a Credit Facility) and to make Swap Payments as the same become due, only when the amounts available for such purposes in the Revenue Fund in

accordance herewith are insufficient to make such payments. If the Debt Service Reserve Fund is funded partly in cash and partly otherwise, as provided above, drawings shall be made as provided in a Supplemental Indenture.

(c) Earnings on the Debt Service Reserve Fund shall be retained therein until the amount on deposit in the Debt Service Reserve Fund is equal to the Reserve Requirement; thereafter, such earnings shall be transferred to the Revenue Fund.

#### **Section 5.10 Payments into, and Use of Moneys in the Discretionary Fund.**

Termination Charges received from a Participant, Guarantor, or Participant Credit Enhancer pursuant to a Loan Agreement, and amounts received pursuant to the Covenant Agreement, shall be deposited in the Discretionary Fund. Termination Payments shall be subject and subordinate to payments of interest, principal or redemption price of Bonds then due and owing, any obligations then due to any Credit Facility Provider and to Swap Payments then due and owing. Amounts in the Discretionary Fund shall be applied to the following, in the following order of priority:

- (i) To make deposits to the Revenue Fund to pay interest, principal, or redemption prices on Bonds then due (or to reimburse the provider of a Credit Facility which secures a Series of Bonds which has made payment thereon) and to make Swap Payments then due, when the other moneys available to the Trustee are insufficient therefor.
- (ii) To pay Termination Payments then due to Swap Counterparties.
- (iii) To make deposits to the Rebate Fund or to make an Extraordinary Payment.
- (iv) To make deposits to the Revenue Fund to pay any Administrative Expenses, to the extent the same are not paid from other sources and available to the Trustee.
- (v) To make deposits to the Revenue Fund to pay the costs or expenses related to the making or funding of any Loan, or the issuance of any Participant Note.
- (vi) To make payments under the Covenant Agreement at the direction of the Administrator provided (A) that a Termination Payment is not then due and owing and (B) that the payments will not cause total liabilities to exceed total assets under the Indenture.
- (vii) To make payments to DelVal; provided that (A) a Favorable Opinion of Bond Counsel is given with respect to such payments; (B) that no payment to DelVal shall be made if a Termination Payment is then due and owing, and (C) that the payments will not cause total liabilities to exceed total assets under the Indenture.

### **Section 5.11 Application of Bond Proceeds and DeVal Money.**

Promptly upon the issuance, sale and delivery of any Series of Bonds, DeVal shall deposit the proceeds of such Series of Bonds together with any moneys provided by DeVal to the Funds and accounts as determined in the Supplemental Indenture executed in connection with the issuance of such Series of Bonds.

### **Section 5.12 [Reserved.]**

### **Section 5.13 Moneys to Be Held in Trust.**

All moneys required to be deposited with or paid to the Trustee for the account of any Fund established under any provision of this Indenture shall be held by the Trustee in trust, and except for moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, or held pursuant to Section 2.10, or held in the Rebate Fund, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the security interest created hereby.

### **Section 5.14 Payment of Excess Moneys.**

Subject to Section 2.10 and Article IX, any amounts remaining in any Fund created pursuant to Section 5.02 after full payment of all Bonds (including any rebate and/or yield reduction liability and the reasonable fees, charges and expenses with respect to the issuance of Bonds under Section 5.08), full payment of amounts owed to any Credit Facility Provider, full payment of all Swap Agreements (and termination of all interest rate swaps), if any, and full payment of the fees, charges and expenses of the Trustee, DeVal, the Administrator, and the Rebate Analyst, shall be paid to DeVal.

### **Section 5.15 Reports from the Trustee; Examination of Books.**

The Trustee shall furnish to DeVal, the Administrator and the Rebate Analyst within two (2) weeks following the end of each Bond Year, statements of the activity and assets held in the Funds created pursuant to Section 5.02. The Trustee shall, at the written request of the Administrator, DeVal or the Rebate Analyst, permit representatives of such parties to examine the books and records of the Trustee relating to the Funds.

### **Section 5.16 Certain Verifications.**

DeVal, the Trustee, the Administrator and/or the Rebate Analyst from time to time may cause a firm of Accountants or consultants to supply DeVal, the Trustee, the Administrator and the Rebate Analyst with such information as DeVal, the Trustee, the Administrator or the Rebate Analyst may request in order to determine in a manner reasonably satisfactory to DeVal, the Trustee, the Administrator and the Rebate Analyst all matters relating to (a) any audits of DeVal, if and to the extent such audits relate to Bonds, (b) the sufficiency of projected cash flow receipts and disbursements on the Loan Agreements, the Swap Agreements, if any, the Investment Agreements and Funds described herein to pay the principal and redemption price of and interest

on the Bonds, the Swap Payments, if any, and Swap Receipts, if any; and (c) the actuarial yields on the Loan Agreements, the investments held under the Indenture, and on the Bonds, as the same may relate to any data or conclusions necessary to verify that none of the Bonds are arbitrage bonds within the meaning of § 148 of the *Code* or to permit investment of amounts in the Funds in compliance with the *Code* and this Indenture. Payment for costs and expenses incurred in connection with supplying the foregoing information shall be paid from moneys in the Discretionary Fund. Any and all such reports shall be delivered by the Administrator to the Trustee.

#### **Section 5.17 Effect of Certain Loan Agreement Defaults under Loan Agreements; Assignment of Loan Agreements.**

Upon the occurrence of a Loan Agreement Default of which it has knowledge, the Trustee shall immediately notify DeVal, the Administrator, the Guarantor, if any, each Swap Counterparty, and the Participant Credit Enhancer, if any. Upon written direction of the Participant Credit Enhancer, unless payment has been made by the Guarantor, and if the Participant Credit Enhancer is not in default on the Participant Credit Enhancement for the Loan, the Trustee shall take all action available to it as owner of the Participant Note in its representative capacity, to make demand for, and enforce, collect, settle and recoup all payments due under the Participant Note.

If, as a result of any such payment default by a Participant, the amounts on deposit in the Revenue Fund or Discretionary Fund are insufficient to make the payments required to be made therefrom, and payments are not made by the Guarantor, if any, or the Participant Credit Enhancer, the Trustee shall draw upon the Debt Service Reserve Fund for the amount necessary to pay principal or interest on Bonds unless DeVal provides moneys therefor pursuant to the Covenant Agreement or directs transfer from the Discretionary Fund, and shall take all action available to it as owner of the Participant Note in its representative capacity, to make demand for, and enforce, collect, settle and recoup all payments due under the Participant Note.

## **ARTICLE VI LOAN AGREEMENTS**

### **Section 6.01 Terms and Conditions.**

Moneys in the Acquisition Fund and the Recycling Fund shall be used to purchase Participant Notes to provide funds to Participants to finance the Cost of Projects, under Loan Agreements setting forth the terms and conditions, and upon submission of the documents, contained in this Article VI, and not otherwise. Loans may be made as either the Variable Rate Loans or at Fixed Rate Loans and may be made from one or more Series of Bonds. In connection with any Fixed Rate Loan, DeVal may enter into subsequent Swap Agreements. The Administrator shall provide to DeVal, the Trustee and a Participant recommendations concerning the terms and provisions it believes should be included in the details of each Loan Agreement.

### **Section 6.02 Restrictions on Program.**

The following restrictions shall apply to all Loan Agreements:

(a) Each Loan Agreement shall be in substantially the form attached as Exhibit “A” hereto as it may be modified pursuant to Section 6.08 hereof, or in a Supplemental Indenture authorizing this issuance of a Series of Bonds.

(b) No Closing shall occur unless DeVal, the Trustee, and, if applicable, the Credit Facility Provider, Participant Credit Enhancer, and Swap Counterparty have received all of the executed Loan Documents and all conditions established by the Administrator for such Loan have been satisfied.

(c) Loan principal shall be scheduled to mature so as to provide sufficient funds to pay Bonds issued to fund such Loans on their respective maturity dates, all as may be determined by the Administrator.

(d) DeVal shall not originate a Loan to a Participant with a rating below “A3” by Moody’s or “A-” by S&P unless the Rating Agencies previously confirmed that the ratings on the Outstanding Bonds at that time would not be downgraded as a consequence of originating such Loan or Loans without Participant Credit Enhancement.

(e) DeVal shall secure a Participant Credit Enhancement to secure any Loan to a Participant whose rating is downgraded below “A3” by Moody’s and “A-” by S&P subsequent to the closing of the Loan unless the Rating Agencies confirm that the ratings on the Outstanding Bonds at that time would not be downgraded as a consequence of not securing the Participant Credit Enhancement.

(f) DeVal shall only originate a Loan to a Participant under subparagraph (iv) of the definition thereof if: (i) the making of such Loan to such Participant shall not cause, at the time the Loan is made, the total of all Loans outstanding to all entities under subparagraph (iv) of the definition thereof to exceed 20% of Available Funding and (ii) such Participant’s obligations

are secured by a Participant Credit Enhancement or the Participant has a long-term debt rating at the time of the origination of the Loan of “Aa3” or higher by Moody’s or “AA-” or higher by S&P.

### **Section 6.03 Disbursement Period.**

The Trustee shall fund Loans from the proceeds in the Acquisition Fund or the Recycling Fund, as the case may be, by purchasing Participant Notes from Participants to finance or reimburse the Cost of Projects on such basis as shall be determined from time to time by the Administrator in the order that all necessary requirements are met, until such date as there are no longer any unloaned funds on deposit in the Acquisition Fund or the Recycling Fund, or until an Acquisition Fund Termination Date or a Recycling Fund Termination Date, respectively. Notwithstanding the foregoing, the Trustee, upon the written direction of DeVal or Administrator, and with a Favorable Opinion of Bond Counsel, may reserve proceeds in the Acquisition Fund and the Recycling Fund for funding of a Loan to a Participant at a future date after an Acquisition Fund Termination Date or a Recycling Fund Termination Date, as applicable.

### **Section 6.04 Loan Agreement Term and Repayments.**

(a) Each Loan Agreement shall be for a term not exceeding 120% of the useful life of the Project financed with the applicable Loan. The Loan Principal of the Participant Notes shall be repaid in such amounts on such dates as set forth in the applicable Participant Note.

(b) Each Repayment shall be calculated for each Loan Payment Period by the Administrator, as provided in the Loan Agreement. Repayments will consist of Loan Principal payments defined in the Participant Notes and Participant Interest payments calculated by the Administrator. Repayments will be due on the Loan Payment Date or the Loan Prepayment Date, if applicable.

(c) Participant Interest shall be at the rates as determined by the Administrator. The Administrator shall calculate the rates on Variable Rate Loans based, inter alia, on the payments on the Bonds, net of payments with respect to the Swap Agreements, if any. The Administrator shall calculate the rates on Fixed Rate Loans based, inter alia, on the payments on the Bonds, net of payments with respect to the Swap Agreements, if any. Participant Interest shall never be greater than the Maximum Rate.

(d) In the event that DeVal owes a Termination Payment due to the early termination of a Swap Agreement, the Administrator shall calculate a Termination Charge for the affected Participants and, if applicable, the Guarantor and Participant Credit Enhancer. The Termination Charge will be payable on the date specified by the Administrator.

### **Section 6.05 Application Submissions.**

Prior to approving an application, DeVal shall have received a completed application in the form approved by DeVal, including all financial and other information specified therein.

### **Section 6.06 Closing Time and Place.**

Closings shall take place at such place as may be mutually agreeable to DelVal, the Trustee, the Administrator, and the Participant.

### **Section 6.07 Closing Submissions.**

Prior to or at each Closing, the Trustee, the Administrator and DelVal shall have received the following documents from the related Participant:

(a) a counterpart of the Loan Agreement executed by the parties thereto and endorsed by DelVal to the Trustee;

(b) the original Participant Note in principal amount equal to the Initial Amount, registered in the name of the Trustee, bearing interest and maturing as to principal and interest in accordance with the Loan Agreement; and

(c) the additional items required by Section 6.02 hereof.

All opinions and certificates required under this section and under the Loan Agreement shall be dated the date of Closing and all such opinions shall be addressed to DelVal and the Trustee. Interest on the Participant Notes shall commence to accrue on the date of Closing.

### **Section 6.08 Modifications of Forms of Loan Agreements and Participant Resolutions.**

Prior to the execution and delivery of a Loan Agreement, DelVal may approve modifications to the form of Participant Ordinances or Participant Resolutions or Loan Agreements, so long as such modifications do not adversely affect the interest of Bondholders or any Swap Counterparty. Any modifications which materially change the undertakings set forth therein and adversely affect the interest of Bondholders shall be accompanied by a Favorable Opinion of Bond Counsel.

### **Section 6.09 Program Monitoring.**

The Administrator shall prepare periodic reports to DelVal and the Trustee setting forth the status of any Loan applications received by it, stating the amount of Loans then outstanding, projecting the anticipated use of moneys in the Acquisition Fund and the Recycling Fund and providing any recommendations it may have concerning the making of additional Loans.

The Administrator shall also monitor the activities of the Trustee and compliance with the requirements imposed hereunder.

The Administrator may engage or employ a person or firm acceptable to DelVal (the "Loan Origination Agent") to perform all or a portion of its duties under this Indenture and any Loan Agreement, and upon due authorization by the Administrator, such Loan Origination Agent shall be authorized to act on behalf of the Administrator in such matters. All provisions of this Indenture

calling for notices to be given to the Administrator shall also be deemed to provide for such notices to be sent to any Loan Origination Agent then engaged by the Administrator, upon filing of the address thereof with the Trustee.

## **ARTICLE VII SERVICING OF AGREEMENTS**

### **Section 7.01 Servicing.**

The Trustee shall provide enforcement of the obligations of the Participants. The Trustee shall transmit (in electronic or other format as determined by the Trustee) to each Participant an invoice (based upon information provided by the Administrator) reflecting the amounts computed to be due on each Loan.

The Administrator shall review all Loan applications, Loan Agreements and Participant Notes and assist the Participants in processing Loan applications. The Administrator shall assist Participants with any inquiries or requests made subsequent to the closing of a Loan. The Administrator shall also perform any other duties which have been delegated to the Administrator by DeVal pursuant to agreement with the Administrator.

### **Section 7.02 Defaults.**

The Trustee shall, in accordance with the terms and provisions of this Indenture, but at the direction of the Participant Credit Enhancer, if any insuring the Loan as to which there is a Loan Agreement Default, with respect to a Loan Agreement Default so long as such Participant Credit Enhancer has not defaulted under the Participant Credit Enhancement and the Guarantor, if any, so long as such Guarantor has not failed to make payments pursuant to its guarantee of a Loan, enforce, and take all steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Participant Notes and Loan Agreements, including the prompt payment of Repayments, Termination Charges and all other amounts due thereunder. The Trustee shall promptly notify the Administrator, the Guarantor, if any, any Swap Counterparties and the Participant Credit Enhancer, if any insuring the Loan as to which there is a Loan Agreement Default, of the occurrence of any Loan Agreement Default of which it has knowledge. The Trustee shall not release the obligations of any Participant under any Loan Agreement and shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of (a) the Bondholders and, the Trustee under or with respect to each Loan Agreement; (b) any Swap Counterparty under or with respect to any Swap Agreement and (c) any Credit Facility Provider under or with respect to any Credit Facility Agreement; provided that this provision shall not be construed to prevent the Trustee, with the consent of the Participant Credit Enhancer, if any insuring the Loan as to which there is a Loan Agreement Default so long as such Participant Credit Enhancer has not defaulted under the Participant Credit Enhancement, or at the direction of the Participant Credit Enhancer, if any insuring the Loan as to which there is a Loan Agreement Default, so long as such Participant Credit Enhancer has not defaulted under the Participant Credit Enhancement, from settling a default under any applicable Participant Notes, Loan Agreement or any document securing them. The Trustee may act in accordance with the foregoing irrespective of whether there shall have occurred an Event of Default hereunder. Notwithstanding anything to the contrary set forth in this Indenture, including, in particular, Section 10.07 hereof, all moneys received by the Trustee, constituting proceeds of any action brought under a Loan Agreement, shall, after application to the reasonable expenses of the Trustee, be applied to all amounts then due and owing the Participant Credit Enhancer, if any insuring the Loan as to which there is a Loan

Agreement Default, as subrogee thereunder and shall thereafter, so long as the Participant Credit Enhancer, if any, is not in payment default of its Participant Credit Enhancement, be applied by the Trustee as a credit against Termination Charges then due and thereafter, against scheduled Loan Repayments in such manner as the Participant Credit Enhancer, if any, shall determine. Notwithstanding anything to the contrary set forth herein or in any Loan Agreement, DeVal hereby appoints the Trustee, and in the event of discharge of this Indenture in accordance with the provisions hereof, each Participant Credit Enhancer, its agent and attorney-in-fact for purposes of enforcing all rights under the Loan Agreements for which each Participant Credit Enhancer has provided Participant Credit Enhancement.

**Section 7.03 [Reserved].**

**Section 7.04 Payment or Prepayment by Participants.**

Upon the payment of all sums due and to become due under a Loan Agreement, including all Repayments due under the applicable Participant Notes, payment of all sums owing to a Participant Credit Enhancer, if any, and Termination Charges, or the prepayment of a Loan Agreement by a Participant by payment of the Optional Prepayment Price pursuant to Section 6.1 of a Loan Agreement, the Trustee shall cancel the Loan Agreement on behalf of DeVal and shall surrender to the Participant its Participant Notes, and shall take any other action required of the Trustee under the Loan Agreement and shall execute in its own name all relevant documents in connection with such actions (and the Trustee is hereby appointed DeVal's agent and attorney-in-fact for purposes of taking any act, including the presentation for payment and collection of the Participant Notes and the execution and delivery of any document, required by this Section).

**Section 7.05 Loan Agreement Files.**

All documents received by the Trustee with regard to a particular Loan Agreement shall be retained by the Trustee in a file pertaining to that Loan Agreement (a "Loan Agreement File"). The Loan Agreement File shall be kept at the Philadelphia office of the Trustee and shall be available for inspection by DeVal, any Swap Counterparty and the Participant Credit Enhancer, if any, at reasonable times and under reasonable circumstances.

**Section 7.06 Trustee, Administrator and DeVal Not to Impair Tax Exemption of Bonds.**

The Administrator and DeVal shall not take any action, or direct the Trustee to take any action, or omit to take any action, or permit any action, except actions required hereunder and under the Loan Agreements, which is within each of its respective control to be taken or omitted, which would to the actual knowledge of the respective officers of each, impair the exclusion of interest on Bonds (to the extent such Bonds were issued as tax exempt Bonds) from gross income of the Bondholders thereof for federal income tax purposes.

## **Section 7.07 Additional Duties of Administrator.**

In connection with the administration of the Program, the Administrator shall perform the following services:

- (a) Participate in the establishment of the Program and coordinate the development of the Program with involved parties,
- (b) Provide information and market and promote the program to all potential Participants through written materials and presentations, and attendance at conferences and seminars as representative of the program,
- (c) Initiate contact with potential Participants for the purpose of presenting and explaining the program,
- (d) Act as originator and processor of each Loan,
- (e) Consult with government officials and give advice and assistance as to the Participant's eligibility, the application procedure, any required security, and related matters prior to the filing of a Loan application,
- (f) Upon the request of a Participant, meet with the governing body or officials of the Participant to explain the program and the application procedure,
- (g) Assist any potential Participant in the preparation of its Loan application and gathering of information and documentation required,
- (h) Receive filed applications and review them for completeness and forward them to a Participant Credit Enhancer, if any, for approval,
- (i) Report to the Trustee and the Participant Credit Enhancer, if any, any information of which it has actual knowledge concerning the condition of a Participant that could potentially cause a default,
- (j) Review each Loan Agreement, including the related Participant Note, and approve the same in accordance with the parameters of the program established by DelVal from time to time and in accordance with the Participant's application,
- (k) Provide information requested by DelVal and Trustee to enable DelVal and Trustee to comply with the requirements of continuing disclosure, including the requirements of Rule 15(c)2-12 of the Securities and Exchange Commission,
- (l) Review and approve all applications for disbursements by the Trustee, and
- (m) Prepare Qualified Interest Rate Management Agreements and Interest Rate Management Plans to the extent required by the *Debt Act*.

**ARTICLE VIII  
INVESTMENT OF MONEYS**

**Section 8.01 Investment of Moneys in Funds.**

(a) Subject to the provisions of each Tax Compliance Certificate, all Bond proceeds and other moneys deposited in any Funds (other than the Rebate Fund) shall be initially invested pursuant to the Investment Agreements or other Eligible Investments. Proceeds of a draw on a Credit Facility or from the remarketing of any Series of Bonds shall be invested only in cash or Eligible Investments meeting the requirements of Section (a)(ii) of the definition thereof, which, if invested, shall mature on the earlier of: (i) as required pursuant to this Indenture or (ii) thirty days following the investment thereof.

(b) The Trustee is hereby directed to enter into the Investment Agreements and to invest amounts thereunder in accordance with the terms of such Investment Agreements and is hereby instructed to give all notices and to take all other actions necessary (i) to make withdrawals from such Investment Agreements in order to make timely payments of principal or redemption price and interest on the Bonds and fees and expenses due hereunder and (ii) to make timely deposits or redeposits of proceeds as required hereunder.

Eligible Investments acquired as an investment of moneys in any Fund created by this Indenture shall be credited to such Fund. For the purpose of determining the amount in any Fund at any time in accordance with this Indenture, except as otherwise provided herein, all Eligible Investments credited to such Fund shall be valued at fair market value. The value of Eligible Investments in each Fund shall be determined upon acquisition and annually thereafter as of each Anniversary Date. The value of Eligible Investments so determined as of any such date shall constitute the “Value of Eligible Investments” for purposes of this Indenture until the next date of valuation.

All interest, profits and other income earned, net of any losses suffered (herein called the “net earnings from investment of moneys”), in any Fund created by this Indenture shall be deposited as set forth in Article V.

Subject to the provisions hereof, investments in any and all Funds created by this Indenture may be commingled for purposes of making, holding and disposing of investments. Notwithstanding provisions herein for transfer to or holding in particular Funds amounts received, or such commingling, the Trustee shall at all times account for such investments in the Funds to which they are credited and otherwise as provided in this Indenture. The Trustee may act as principal or agent in the acquisition or disposition of any Eligible Investment. The Trustee may sell, or present for redemption, any Eligible Investment to the credit of any Fund created by this Indenture whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from such Fund, and the Trustee shall not be liable for any loss resulting from such investment.

All moneys required to be deposited with or paid to the Trustee for the account of any Fund (other than the Rebate Fund) established under any provision of this Indenture shall be held by the

Trustee in trust and shall constitute part of the Trust Estate while held by the Trustee; provided, however, that moneys deposited with or held by the Trustee for the purchase of a Series of Bonds on or after any date on which such Series of Bonds are required to be purchased, for the redemption of such Series of Bonds on or after the redemption date of such Series of Bonds, or for the payment of the principal or redemption price of or interest on a Series of Bonds on or after the date on which such amounts shall have become due, shall be held and applied solely for the purchase, redemption or payment of such Series Bonds or the payment of such interest, as the case may be.

The Trustee shall not invest any funds held by it for the payment of the principal or redemption price of a Series Bonds after the date established for maturity or redemption thereof.

Notwithstanding any provision to the contrary contained herein, all moneys subject to investment under this Indenture shall be invested in Eligible Investments.

The Trustee shall promptly send to DelVal and the Administrator monthly trust statements of the investments held under the Indenture, including the balances on deposit in each Fund and Account, the investment income for such month, and the maturities and interest rates then in effect for such investments. The Administrator shall review such reports and advise the Trustee and DelVal of any discrepancies or concerns regarding such investments.

#### **Section 8.02 Federal Tax Laws.**

(a) DelVal covenants that it will make no investment or other use of the proceeds of Bonds which are tax exempt Bonds which would cause the Bonds which are tax exempt Bonds to be “arbitrage bonds” as that term is defined in Section 103(b)(2) and Section 148(a) of the Code, and that it will comply with the requirements of the Code sections and regulations and with the Tax Compliance Certificate throughout the term of the Bonds. In the event that at any time DelVal is of the opinion that for the purposes of this Section 8.02 it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee, DelVal shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Without limiting the generality of the foregoing, DelVal agrees that there shall be paid from time to time all amounts required to be paid to the United States Treasury pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds which are tax exempt Bonds from time to time. This covenant shall survive payment in full or defeasance of all Outstanding Bonds which are tax exempt Bonds. DelVal specifically covenants to pay or cause to be paid to the United States Treasury the Rebate Amounts and Yield Reduction Amounts, as set forth in the Tax Compliance Certificate.

Notwithstanding any provision of this Section, if DelVal shall provide to the Trustee a Favorable Opinion of Bond Counsel to the effect that any action required under this section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Bonds which are tax exempt Bonds pursuant to Section 103 of the Code, DelVal and the Trustee may rely conclusively on such opinion in complying with the provisions hereof or such matters as are set forth in the Favorable Opinion of Bond Counsel.

(b) DelVal covenants that so long as Bonds which are tax exempt Bonds remain Outstanding it will comply with the requirements of the *Code* so that the interest on the Bonds which are tax exempt Bonds shall be excluded from gross income for federal income tax purposes, and will comply with the information reporting requirements imposed by federal tax laws as they relate to the Bonds which are tax exempt Bonds by, *inter alia*, filing any statement required thereby in a complete and timely manner.

(c) DelVal hereby covenants for the benefit of the Bondholders of the Bonds which are tax exempt Bonds that it will cause the Participants to not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the Bondholders of the Bonds of the interest on the Bonds which are tax exempt Bonds under Section 103 of the Code. DelVal also covenants that it will cause the Participants to not directly or indirectly use or permit the use of any of the proceeds of the Bonds which are tax exempt Bonds or any other funds or take or omit to take any action which would cause the Bonds which are tax exempt Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code and to comply will all requirements of Section 148 of the Code to the extent applicable to the Bonds. DelVal shall comply with the covenants in this paragraph (c) by requiring each Participant to enter into a Participant Tax Compliance Agreement.

(d) DelVal recognizes that the provisions of this Section 8.02 are intended to comply with the provisions of the Code applicable to the Bonds which are tax exempt Bonds and if as a result of a change in an applicable section of the Code or in the interpretation thereof, change in this Section 8.02 shall be permitted or necessary to assure continued compliance with provisions of the Code, then DelVal shall be empowered without further action or consent, to amend this Section 8.02 and DelVal may require a written opinion of Bond Counsel satisfactory to DelVal to the effect that either (i) such amendment is required to maintain the exclusion from gross income under Section 103 of the Code of interest paid and payable on the Bonds which are tax exempt Bonds, or (ii) such amendment shall not adversely affect the exclusion from gross income under Section 103 of the Code of the interest paid or payable on the Bonds which are tax exempt Bonds.

## **ARTICLE IX DISCHARGE OF INDENTURE**

### **Section 9.01 Discharge of Indenture.**

If DelVal shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made to or for the Bondholders, the principal of and interest due or to become due thereon at the times and in the manner stipulated therein, shall have paid all amounts owing to any Credit Facility Provider (and such Credit Facility shall have been returned and marked “cancelled”), shall have paid all Swap Payments and Termination Payments due or to become due under the Swap Agreements and shall pay or cause to be paid all sums of money due or to become due according to the provisions hereof, then these presents and the estate and rights hereby granted shall cease, terminate and be void, whereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to DelVal such instruments in writing as shall be requisite to cancel and discharge the lien hereof, and release, assign and deliver unto DelVal any and all of the estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee or otherwise subject to the lien of this Indenture.

Notwithstanding the foregoing, those provisions of this Indenture relating to the maturity of Bonds, interest payments and dates thereof, redemption provisions, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, the holding of moneys in trust, the rights afforded any Swap Counterparty herein and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Bondholders notwithstanding the release and discharge of the lien of this Indenture.

Any Bond shall be deemed to be paid within the meaning of this Article when payment of the principal of such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in this Indenture, or otherwise), either

(a) shall have been made or caused to have been made in accordance with the terms thereof, or

(b) shall have been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (i) moneys sufficient to make such payment, (ii) non-callable direct general obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, maturing as to principal and interest in such amounts and at such times as shall insure the availability of sufficient moneys to make such payments, or (iii) a combination of such moneys and obligations, and all necessary and proper fees and expenses of and other amounts owing to the Trustee, the Administrator or DelVal, with respect to which such deposit is made shall have been paid or deposited with the Trustee. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, and all liability of DelVal with respect to such Bond shall cease, terminate, and be completely discharged and extinguished except for the purposes of registration and exchange of Bonds, and replacement of mutilated, lost, stolen or destroyed Bonds,

and the Bondholders thereof shall be entitled to payment solely out of the moneys or securities so deposited.

Notwithstanding the foregoing, no deposit under the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid unless:

(a) the Trustee has received a letter from each Rating Agency then rating the Bonds that such deposit shall not cause the rating then assigned to such Bonds by such Rating Agency to be lowered or eliminated; and

(b) DeVal shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

- (i) stating the date when the principal of each such Bond is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted or required by this Indenture);
- (ii) to call for redemption pursuant to this Indenture any Bonds to be redeemed prior to maturity pursuant to (i) hereof, and
- (iii) to mail, as soon as practicable, in the manner prescribed by Article III hereof, a notice to the Bondholders of such Bonds that such deposit has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, of said Bonds as specified in Clause (i) of this paragraph.

Any moneys so deposited with the Trustee as provided in this Article may at the direction of DeVal also be invested and reinvested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the Trustee pursuant to this Article which is not required, as evidenced by a report of an Accountant, for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be used as otherwise permitted by this Indenture.

No such deposit under this Article shall be made or accepted hereunder and no use made of any such deposit unless the Trustee shall have received an Opinion of Bond Counsel to the effect that such deposit and use would not cause Bonds which are tax exempt Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code.

Notwithstanding any provision of any other Article of this Indenture which may be contrary to the provisions of this Article, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest thereon) shall be applied to and used solely for the payment of the particular Bonds (including interest thereon) with respect to which such moneys or obligations have been so set aside in trust.

Anything in Article XII to the contrary notwithstanding, if moneys or obligations have been deposited or set aside with the Trustee pursuant to this Article for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the Bondholder of each Bond affected thereby.

**ARTICLE X  
DEFAULT PROVISIONS AND REMEDIES OF  
TRUSTEE AND BONDHOLDERS**

**Section 10.01 Defaults; Events of Default.**

The following events shall constitute an “Event of Default” or “Events of Default”:

(a) A failure to pay when the same shall become due and payable, interest on or principal of any Bond (whether at maturity, by acceleration, redemption or otherwise) or the payment of any Swap Payment; or

(b) Any other default in the payment or default in the performance or observance of any covenant, agreement or condition on the part of DeIVal contained in this Indenture or in Bonds (other than defaults mentioned in Section 10.01(a) and other than the failure to pay a Termination Payment unless moneys sufficient therefor are available in the Discretionary Fund) and failure to remedy the same after notice of the default pursuant to Section 10.11.

**Section 10.02 Acceleration.**

Upon the occurrence of an Event of Default described in Section 10.01(a), the Trustee shall, by notice to DeIVal, the Bondholders, the Administrator and the provider of any Credit Facility, except to the extent limited in a Supplemental Indenture, declare the entire unpaid principal of and interest on all Bonds Outstanding immediately due and payable; thereupon, the entire unpaid principal of and interest on all Bonds Outstanding shall forthwith become immediately due and payable and the Trustee shall immediately draw on any Credit Facility which secures any Series of Bonds.

Upon the occurrence of an Event of Default described in Section 10.01(b), the Trustee shall, upon the written request of the Bondholders of 50% in aggregate principal amount of all Bonds Outstanding, by notice to DeIVal, the Administrator, the Bondholders and the provider of any Credit Facility, except to the extent limited in a Supplemental Indenture, declare the entire unpaid principal of and interest on all Bonds Outstanding immediately due and payable and, thereupon, the entire unpaid principal of and interest on the Bonds shall forthwith become due and payable.

If the Bonds are accelerated, DeIVal shall forthwith pay pro-rata to the Bondholders of the Bonds, any provider of a Credit Facility and the Swap Counterparty, the entire unpaid principal of and accrued interest on the Bonds (or to reimburse a Credit Facility Provider for amounts drawn on a Credit Facility to pay the Bonds) and the Swap Payments, but only from the Revenues herein specifically pledged for such purpose. Interest on any Series of Bonds secured by a Credit Facility on which the Credit Facility Provider has honored a draw, shall cease to accrue on the date of the declaration of the acceleration. In the event the Trustee fails to accelerate as required by this Section 10.02, the Bondholders of a majority in aggregate principal amount of Bonds Outstanding shall have the right to take such action. Following payment of the entire unpaid principal of and accrued interest on the Bonds, all amounts owing to any Credit Facility Provider and the Swap Payments, the Trustee shall pay the Termination Payments from the sources as provided herein.

### **Section 10.03 [Reserved].**

### **Section 10.04 Remedies; Rights of Bondholders.**

Upon the occurrence of an Event of Default, the Trustee shall have the following rights and remedies:

(a) The Trustee may pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on Bonds then Outstanding, including enforcement of any rights of DeVal or the Trustee hereunder or under the Loan Agreements or any documents securing them, or to enforce the rights of any Swap Counterparty to the payment of Swap Payments under any Swap Agreement.

(b) The Trustee may by action or suit in equity require DeVal to account as if it were the trustee of an express trust for the Bondholders and shall then take such action with respect to the Loan Agreements as the Trustee shall deem necessary or appropriate and in the best interest of the Bondholders, subject to the terms of the Loan Agreements, including the sale or assignment of part or all of the Loan Agreements.

(c) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Bondholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

If an Event of Default shall have occurred, the Trustee may except as otherwise provided in a Supplemental Indenture, and if requested so to do by the Bondholders of 50% or more in aggregate principal amount of all Bonds then Outstanding, except as otherwise provided in a Supplemental Indenture and in either case indemnified as provided in Section 11.01(1), shall be obligated to exercise such one or more of the rights and powers conferred by this section as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Bondholders.

No right or remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given to the Trustee or to the Bondholders hereunder as now or hereafter existing at law or in equity or by statute. The assertion or employment of any right or remedy shall not prevent the concurrent or subsequent assertion or exercise of any other right or remedy.

No delay or omission in exercising any right or remedy accruing upon any default or Event of Default shall impair any such right or remedy or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

### **Section 10.05 [Reserved].**

### **Section 10.06 Appointment of Receivers.**

Upon the occurrence of an Event of Default and the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Bondholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

### **Section 10.07 Application of Moneys.**

Subject to the provisions of Section 7.02 hereof, all moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee (including fees and expenses of its Counsel) or DeVal, be deposited in the Revenue Fund, along with any other moneys available for such purposes:

(a) Unless the principal of all Bonds shall have become due and payable, all such moneys shall be applied equally and ratably, to the payment to the persons entitled thereto of all amounts payable pursuant to Section 5.04(b)(i) and Section 5.04(b)(ii), provided that if the amount available shall not be sufficient to pay in full any particular installment of interest and any Swap Payment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege.

(b) If the principal amount of all Bonds shall have become due, all such moneys shall be applied, equally and ratably, to the payment to the persons entitled thereto of amounts payable pursuant to Section 5.04(b)(i), Section 5.04(b)(ii) and Section 5.04(b)(iii), without preference or priority of principal, interest or Swap Payments or of interest and Swap Payments over principal, or of any installment of interest or Swap Payments over any other installment of interest or Swap Payments, according to the amounts due respectively for principal, interest and Swap Payments, without any discrimination or privilege.

(c) Termination Payments shall be paid from moneys in the Discretionary Fund subject and subordinate to the payment of principal and redemption price of and interest on the Bonds, amounts owing to any Credit Facility Provider and Swap Payments.

Except as to Series of Bonds secured by a Credit Facility, whenever the Trustee shall apply funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of Bonds to be paid on such dates shall cease to accrue. The Trustee shall by first class mail, postage prepaid, notify Bondholders of the Record Date and the time and place at which defaulted principal and interest is to be paid. Such notice shall be mailed to the persons in whose name the Bonds are registered at the close of business on the fifth day preceding the date of mailing. The Trustee shall not be required to make payment of principal to the Bondholder of

any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal or redemption prices on all Bonds, amounts owing to any Credit Facility Provider and all Swap Payments and Termination Payments have been paid under the provisions of this Section (and all interest rate swaps have been terminated) and all expenses and charges of and other amounts payable to the Trustee, the Administrator and DeVal have been paid, any balance remaining in the Funds shall be paid to DeVal as provided in Section 5.14 hereof.

Notwithstanding the foregoing, no fees, expenses, liabilities and advances incurred or made by the Trustee (including fees and expenses of its Counsel) or DeVal shall be paid with the proceeds of a draw on a Credit Facility or proceeds from the remarketing of any Series of Bonds.

#### **Section 10.08 Remedies Vested in the Trustee.**

All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs any Bondholders, and any recovery of judgment shall be for the equal and ratable benefit of the Bondholders of all the Outstanding Bonds, any Credit Facility Provider and any Swap Counterparty in accordance with their respective interests in the Trust Estate.

#### **Section 10.09 Termination of Proceedings.**

In case the Trustee, or any Bondholder shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case DeVal, the Trustee, the Swap Counterparty, if any, the provider of any Credit Facility and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and with regard to the property herein subject to this Indenture, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceedings had been taken.

#### **Section 10.10 Waivers of Events of Default.**

The Trustee may, at its discretion, waive any Event of Default hereunder and its consequences and may rescind any declaration of acceleration of all the Bonds, and shall do so upon the written request of the Bondholders of (a) a majority in aggregate principal amount of Bonds then Outstanding in respect of which default in the payment of principal and/or interest exists, or (b) a majority in aggregate principal amount of all Bonds then Outstanding in the case of any other default; provided, however, that there shall not be waived without the consent of the Bondholders of all Bonds then Outstanding (i) any default in the payment of the principal of any Outstanding Bond at the date of maturity specified therein or date of prior redemption or (ii) any default in the payment when due of the interest on any Outstanding Bond, unless prior to such waiver all arrears of interest or all arrears of payments of principal or redemption price then due

(other than accelerated principal), as the case may be, with interest on overdue principal and redemption price and interest at the rate borne by such Bond and all expenses of the Trustee in connection with such default, shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case DeIVal, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any consequent right thereon. No waiver hereunder shall affect the rights of third parties to payment of amounts provided for hereunder.

#### **Section 10.11 Notice of Defaults under Section 10.01(b); Opportunity of DeIVal to Cure Such Defaults.**

Anything herein to the contrary notwithstanding, no default under Section 10.01(b) shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given to DeIVal and the Administrator by the Trustee or the Bondholders of not less than 50% in aggregate principal amount of all Bonds then Outstanding, and DeIVal (other than the failure to pay a Termination Payment if moneys sufficient therefor are available in the Discretionary Fund) shall have had 60 days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by DeIVal within the applicable period and diligently pursued until the default is corrected.

With regard to any alleged default concerning which notice is given to DeIVal under the provisions of this section, DeIVal hereby grants the Trustee full power and authority, on behalf of DeIVal, to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of DeIVal, with full power to do any and all things and acts to the same extent that DeIVal could do and perform any such things and acts and with power of substitution.

Notwithstanding anything to contrary contained in Sections 10.10 or 10.11, an Event of Default shall not be waived following a draw on Credit Facility unless the Trustee receives evidence that the Credit Facility has been reinstated in full and the Credit Facility Provider has not directed the Trustee to accelerate the Bonds secured by such Credit Facility.

#### **Section 10.12 Consent by Credit Facility Provider.**

If a Credit Facility is provided for all or a portion of a Series of Bonds, the Credit Facility Provider shall be deemed to be the Holder of such Bonds for the following:

(a) the right to make requests of, direct or consent to the actions of the Trustee or to otherwise direct proceedings all as provided in Article X of this Indenture to the same extent and in place of the Owners of the Series of Bonds which are secured by the Credit Facility;

(b) the right to act in place of the Owners of the Series of Bonds which are secured by the Credit Facility for purposes of removing a Trustee or appointing a Trustee under Article XI hereof; and

(c) the right to act in place of the Owners of the Series of Bonds to consent to Supplemental Indentures, which would otherwise require the consent of the Holders of not less than 50% in aggregate Principal Amount of the Bonds, entered into pursuant to Section XII, and of this Indenture.

The rights granted to any such Credit Provider, with respect to the provisions of Articles XI and XII hereof shall be disregarded and be of no effect if the Credit Facility Provider is in default of its payment obligations under its Credit Facility.

## **ARTICLE XI THE TRUSTEE**

### **Section 11.01 Acceptance of the Trusts.**

The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to serve as trustee for all Bonds issued hereunder and to perform said trusts, but only upon and subject to the following express terms and conditions and agrees to serve as Tender Agent for all Bonds (the Trustee and the Tender Agent shall at all times be the same entity so long as a Credit Facility is outstanding):

(a) The Trustee, prior to the occurrence of an Event of Default hereunder or under a Loan Agreement of which the Trustee has actual notice and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and the Loan Agreements. In case an Event of Default hereunder or under a Loan Agreement of which the Trustee has actual notice has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent Trustee would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, or receivers, but the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder, and the Trustee shall be entitled to advice of Counsel concerning all matters of trusts hereof and the duties hereunder and under the Loan Agreements, and may in all cases pay such reasonable compensation to all such attorneys, agents, and receivers as may reasonably be employed in connection with the trusts hereof and under the Loan Agreements. The Trustee may act upon the opinion or advice of any attorneys (who may but need not be the attorney or attorneys for DeVal or a Participant), approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital herein (except recitals of the Trustee), or in the Bonds (except in respect to any certificate of authentication endorsed on the Bonds by the Trustee) or in the Loan Agreements, or for the validity of the execution by DeVal of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the Bondholder secured hereby with the same rights which it would have if not the Trustee.

(e) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder or under a Loan Agreement or Participant Note, except a failure by a Participant to make payments when due under a Loan Agreement or on a Participant Note, or a failure by DeVal to cause to be made any of the payments of principal or redemption prices of, or

interest on, the Bonds when due unless the Trustee shall be specifically notified in writing of such default by DeVal or by any Bondholder or a state or federal court. All notices or other instruments required by this Indenture or by a Loan Agreement to be delivered to the Trustee must, in order to be effective, be delivered at the corporate trust office of the Trustee in Philadelphia, Pennsylvania, until such time as a different address may be provided by the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(f) The Trustee shall be protected in acting upon and shall be conclusively entitled to rely upon any notice, request, consent, certificate (including the certificates of the officials of the Participants required pursuant to Section 6.07 hereof and under the Loan Agreements), order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons including any such documents signed by an Authorized Officer of DeVal. The Trustee shall not unreasonably withhold its consent, approval or action to any reasonable request of DeVal. Any action taken by the Trustee pursuant to this Indenture upon the request of DeVal or upon the consent of any person who at the time of making such request or giving such consent is the Bondholder shall be conclusive and binding upon all future Bondholders of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(g) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled in good faith to rely upon a Certificate signed by an Authorized Officer of DeVal as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has notice or is deemed to have notice pursuant to Section 11.01(e) hereof, shall also be at liberty to accept a similar Certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a Certificate of the Chairman or the Secretary of DeVal under its seal to the effect that a resolution in the form therein set forth has been adopted by DeVal as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(h) The permissive right of the Trustee to do things enumerated in this Indenture or in the Loan Agreements shall not be construed as a duty and it shall not be answerable for other than its gross negligence or willful misconduct.

(i) At any and all reasonable times, the Trustee, the Administrator and the duly authorized agents, attorneys, experts, engineers, accountants and representatives of any of said Persons shall have the right to inspect any and all of the books, papers and records of DeVal pertaining to the revenues and receipts under the Loan Agreements and the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises granted herein.

(k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication

of any Bonds, the withdrawal of any cash, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, by the Trustee deemed desirable for the purpose of establishing the right of DeIVal to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking any action under this Indenture, other than drawing under the provisions of a Credit Facility or, if applicable, directing a mandatory tender of a Series of Bonds secured by a Credit Facility, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses which it may incur and to protect it against all liability, except liability which is adjudicated to have resulted from its gross negligence or willful misconduct, by reason of any action so taken, but the Trustee may not require indemnity as a condition to declaring the principal of or interest on the Bonds to be due immediately under Section 10.02 hereof.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds, except to the extent required herein or by law. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

#### **Section 11.02 Fees, Charges and Expenses of the Trustee.**

The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, Counsel fees and other expenses reasonably and/or necessarily made or incurred by the Trustee in connection with such services, but solely from moneys deposited in the Revenue Fund (other than the proceeds of a draw on a Credit Facility and proceeds from the remarketing of any Series of Bonds) and available therefor pursuant to Sections 5.04(b) and 10.07 hereof. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal or redemption price of or interest on any Bond upon the Trust Estate (other than the proceeds of a draw on a Credit Facility and proceeds from the remarketing of any Series of Bonds) for the foregoing fees, charges and expenses incurred by it.

#### **Section 11.03 Notice to Certain Persons If Default Occurs.**

If the Trustee becomes aware of an Event of Default, then the Trustee shall promptly give written notice thereof by first-class mail to the Bondholders of all Bonds then Outstanding, shown by the registration books kept at the designated corporate trust office of the Trustee, and to the Administrator, DeIVal and the Swap Counterparty.

#### **Section 11.04 Intervention by the Trustee.**

In any judicial proceeding to which DelVal is a party and which, in the opinion of the Trustee and its Counsel, has a substantial bearing on the interests of Bondholders, the Trustee may intervene on behalf of the Bondholders and shall do so if requested in writing by the Bondholders of at least 50% of the aggregate principal amount of the Bonds then Outstanding.

#### **Section 11.05 Resignation by the Trustee.**

The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 60 days' written notice by first-class mail to DelVal, the Administrator and the Bondholder of each Bond; provided, however, that in no event shall such resignation take effect until the appointment of a successor Trustee and the acceptance of such appointment by such successor as provided in Sections 11.08 and 11.09 hereof. Upon receiving such notice of resignation, DelVal shall promptly appoint a successor Trustee. If no successor Trustee shall have been so appointed and accepted such appointment within 60 days of mailing the notice of such resignation to the Bondholders, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, or the Bondholders of at least 50% of the aggregate principal amount of the Bonds may petition any such court for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor Trustee as provided in Sections 11.08 and 11.09 hereof.

#### **Section 11.06 Removal of the Trustee.**

The Trustee may be removed at any time for just cause, by an instrument or concurrent instruments in writing delivered to DelVal, the Trustee, and the Administrator and signed by the Bondholders of a majority in aggregate principal amount of all Bonds then Outstanding.

DelVal may remove the Trustee at any time for just cause so long as there is no default by DelVal and no Event of Default then in existence or continuing under this Indenture.

#### **Section 11.07 Successor Trustee by Merger.**

Any corporation into which any Trustee hereunder may be merged or converted, with which it may be consolidated, or to which it may transfer or sell all or substantially all of its assets, or any corporation resulting from any merger, conversion, consolidation or sale to which any Trustee hereunder shall be a party, shall be the successor trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding, provided, however, that any such successor corporation continuing to act as Trustee hereunder shall meet the requirements of Sections 11.09 and 11.10(d) hereof, and if such corporation does not meet the aforesaid requirements, a successor Trustee shall be appointed pursuant to this Article XI.

**Section 11.08 Appointment of a Successor Trustee by the Bondholders; Temporary Trustee.**

In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Bondholders of a majority in aggregate principal amount of all Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders, or by their attorneys in fact, duly authorized and a copy of which shall be delivered personally or sent by registered mail to DeVal and the Administrator. Nevertheless, in case of such vacancy or resignation, DeVal shall appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above prescribed; and any such temporary Trustee so appointed shall immediately and without further act be superseded by any Trustee so appointed by such Bondholders. Notice of the appointment of a successor Trustee shall be given in the same manner as provided herein with respect to the resignation of a Trustee.

Notwithstanding any other provision of this Indenture, no removal, resignation or termination of the Trustee shall take effect until a successor shall have been appointed and shall have accepted such appointment.

**Section 11.09 Concerning Any Successor Trustee.**

Every successor Trustee appointed hereunder shall be a trust company or bank in good standing located in or incorporated under the laws of the Commonwealth, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$50,000,000.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to DeVal an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but any such predecessor shall, nevertheless, on the written request of DeVal, or of the successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities, moneys, documents and other property held by it as Trustee hereunder to its successor hereunder. Should any instrument in writing from DeVal be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by DeVal. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed or recorded by the successor Trustee in each recording office where this Indenture shall have been filed or recorded.

### **Section 11.10 Appointment of Co-Trustee.**

(a) If at any time or times DelVal or the Trustee shall have determined, or shall have been advised by counsel satisfactory to it, that it is necessary or prudent to appoint a Co-Trustee under this Section in order to (i) separate (or provide for the joint undertaking of) certain of the rights, powers, duties and obligations conferred or imposed upon the Trustee; (ii) comply with the legal requirements of any applicable jurisdiction; or (iii) effectuate the exercise of the powers, rights or remedies of the Trustee hereunder, then the Trustee and/or DelVal shall be entitled, without the consent of the Program Administrator or any Participant, and regardless of whether an Event of Default hereunder shall have occurred, to appoint one or more additional institutions (which each shall meet the specifications for a successor trustee under Section 11.09 hereof) to serve as a separate co-trustee hereunder (a “Co-Trustee”), with such powers as may be provided in the instrument of appointment, and to vest in each such institution any property, title, right or power deemed necessary or desirable, subject to the provisions of this Section 11.10.

(b) Each Co-Trustee shall, to the extent permitted by applicable law, be appointed subject to the following terms:

(i) The rights, powers, duties and obligations conferred or imposed upon any such Co-Trustee shall not be greater than those conferred or imposed upon the Trustee.

(ii) DelVal, or the Trustee, may at any time accept the resignation of and DelVal may remove any Co-Trustee appointed under this Section 11.10 in the same manner as stated in this Article XI with respect to resignation and removal of the Trustee.

(iii) No Co-Trustee under this Indenture shall be liable by reason of any act or omission of the Trustee or any other Co-Trustee appointed under this Indenture.

(iv) Anything herein contained to the contrary notwithstanding, no power given to any Co-Trustee hereunder shall be separately exercised by such Co-Trustee except at the written direction of DelVal with notice to the Trustee.

(c) Should any instrument in writing from DelVal be required by the Co-Trustee so appointed or removed by the Trustee in order to vest in and confirm to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by DelVal. In case any Co-Trustee, or a successor shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate Trustee or Co-Trustee.

(d) In addition to the provisions of Sections 11.05, 11.06 and 11.09, any Trustee or Co-Trustee appointed hereunder shall resign if requested by DelVal, or may be removed by DelVal, if the long-term unsecured senior debt rating (not taking into account any third party credit

enhancement) of such Trustee or Co-Trustee, as applicable, is below “A2” as determined by Moody’s, below “A” as determined by S&P or Fitch, or below an equivalent rating by any other NRSRO with a published rating of the Bonds.

(e) The Trustee shall promptly give each Swap Counterparty written notice of the appointment of a separate Trustee or Co-Trustee under this Indenture.

### **Section 11.11 Certain Notices.**

The Trustee shall give notice to each Rating Agency of the following:

- (a) Any change in the identities of the Trustee, any remarketing agent, paying agent or tender agent;
- (b) Any supplements or amendments to this Indenture;
- (c) Any supplements or amendments to any Credit Facility Agreement on any Credit Facility;
- (d) The expiration, termination, substitution or extension of any Credit Facility;
- (e) Conversion of interest rate mode on any Series of Bonds;
- (f) Redemptions or defeasance of any Series of any Bonds;
- (g) Any Series of Bonds which are mandatorily tendered;
- (h) Any acceleration of the Bonds; and
- (i) Any other information that any Rating Agency may reasonably request of the Trustee in writing in order to maintain a rating on the Bonds.

DeVal shall give written notice to the Trustee, each Swap Counterparty and the Administrator in the event of any change or reduction in the ratings of the Bonds or any Participant Credit Enhancer which has issued Participant Credit Enhancement.

### **Section 11.12 Continuing Disclosure.**

The Trustee is hereby appointed as the dissemination agent for purposes of compliance with the requirements of Rule 15(c)2-12 of the Securities and Exchange Commission. The Trustee shall disseminate all information in accordance with the terms of each Continuing Disclosure Agreement.

**ARTICLE XII  
SUPPLEMENTAL INDENTURES**

**Section 12.01 Supplemental Indentures Not Requiring Consent of Bondholders.**

DeIVal and the Trustee may, without the consent of or notice to any of Bondholders or any Swap Counterparty or any Credit Facility Provider, enter into any Supplemental Indenture for any one or more of the following purposes:

- (a) In connection with the issuance of a Series of Bonds;
- (b) To cure any ambiguity or formal defect or omission in this Indenture;
- (c) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee or to make any change which in the judgment of the Trustee is not to the detriment of the Bondholders;
- (d) To subject to this Indenture additional revenues, properties or collateral;
- (e) To modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the *Trust Indenture Act of 1939*, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted by said *Trust Indenture Act of 1939*, as amended, or similar federal statute;
- (f) To evidence the appointment of a Co-Trustee or the succession of a new Trustee hereunder;
- (g) To provide for separate accounts within the Funds established pursuant to Article V;
- (h) To provide for certificated Bonds as contemplated by Section 2.07(c)(vii) hereof;
- (i) To make any change to reflect any provision in the Code or the interpretations thereof by the Internal Revenue Service, provided that such change does not materially adversely affect the rights of any Bondholder;
- (j) To make any change not materially adversely affecting any Bondholder's or Swap Counterparty's or any Credit Facility Provider's rights requested by any Rating Agency in order (i) to obtain a rating from such Rating Agency in connection with its rating of such Series of Bonds or (ii) to maintain any rating on the Bonds;

- (k) To make any change necessary to obtain Participant Credit Enhancement;
- (l) To make any change necessary to obtain a Credit Facility; or
- (m) To make any other change that does not materially adversely affect the rights of any Bondholder or Swap Counterparty or Credit Facility Provider.

## **Section 12.02 Supplemental Indentures Requiring Consent of Bondholders.**

Exclusive of supplemental indentures covered by Section 12.01 hereof and subject to the terms and provisions contained in this Section 12.02 and Section 10.10 hereof, and not otherwise, the Bondholders of not less than 50% in aggregate principal amount of the Bonds then Outstanding which are affected and each Swap Counterparty shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by DelVal and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by DelVal or the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting (a) without the consent of the Bondholders of all then Outstanding Bonds and each Swap Counterparty, (i) an extension of the maturity date of the principal of or the interest on any Bond, or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture, or (v) the creation of any lien other than a lien ratably securing all of the Bonds at any time Outstanding hereunder, or (b) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

If at any time DelVal shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed by first-class mail to the Administrator, the Swap Counterparty and to each Bondholder of a Bond at the address shown on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Bondholders. If, within 60 days or such longer period as shall be prescribed by DelVal, following the mailing of such notice, the Bondholders of not less than 50% in aggregate principal amount of the Bonds Outstanding which are affected at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no Bondholder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or DelVal from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

### **Section 12.03 Required Opinions.**

No supplemental indenture entered into pursuant to this Article XII shall be effective unless there shall have been provided to DeVal and the Trustee a Favorable Opinion of Bond Counsel with respect thereto and an Opinion of Counsel to the effect that such Supplemental Indenture has been duly authorized, executed and delivered by the parties thereto and that the requirements of this Article XII have been satisfied in connection therewith.

### **Section 12.04 Supplemental Indentures requiring Consent of Participant Credit Enhancers and providers of Credit Facilities.**

Any Supplemental Indenture which would adversely affect the rights, interests, security and obligations of a Participant Credit Enhancer or a Credit Facility Provider shall not be effective until all Participant Credit Enhancers and providers of Credit Facilities affected thereby have consented thereto.

**ARTICLE XIII**  
**AMENDMENT OF LOAN AGREEMENTS AND PARTICIPANT NOTES,**  
**PARTICIPANT CREDIT ENHANCEMENT, AND CREDIT FACILITIES**

**Section 13.01 Amendments Without Consent of Bondholders.**

The Administrator shall review all such proposed amendments to Loan Agreements, Participant Notes, Participant Credit Enhancements, and Credit Facilities and provide a recommendation with respect thereto to DeVal. DeVal may, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of any previously executed and delivered Loan Agreement, Participant Note, Participant Credit Enhancement, or Credit Facility, so long as such amendment, change or modification does not adversely affect the interest of Bondholders. DeVal may not consent to any material amendment, change or modification to a Loan Agreement, Participant Note, Participant Credit Enhancement, or Credit Facility which adversely affects the interests of Bondholders, Swap Counterparty, Participant Credit Enhancer, or Credit Facility Provider unless the consent of each affected party is obtained.

## **ARTICLE XIV GENERAL COVENANTS**

### **Section 14.01 Payment of Bonds.**

DeVal covenants that it shall promptly pay the principal, interest or redemption price on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds according to the true intent and meaning thereof; provided, that the principal, interest or redemption price is payable by DeVal solely from the Revenues or moneys provided by the Covenant Agreement, and nothing in the Bonds or this Indenture shall be considered as assigning or pledging any other funds or assets or rights of DeVal other than the Revenues and the right, title and interest of DeVal in the Loan Agreements and any other property mentioned in the Granting Clauses hereof.

### **Section 14.02 Performance of Covenants by DeVal.**

DeVal covenants that it shall faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Loan Agreement and Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. DeVal covenants that it is duly authorized under the Constitution and laws of the Commonwealth, including particularly the *Authorities Act*, to issue the Bonds authorized hereby and to execute this Indenture and the Loan Agreements, and to evidence amounts payable thereunder and its interest in any security therefor, and to pledge the Revenues, the Participant Notes and any other property hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture and the Loan Agreements have been or, with respect to the Loan Agreements, will be, duly and effectively taken, and that the Bonds in the hands of the Bondholders thereof are and shall be valid and enforceable obligations of DeVal according to the terms thereof and hereof.

### **Section 14.03 Instruments of Further Assurance.**

DeVal agrees that the Trustee may defend its rights to the payments of the Revenues and the Participant Notes for the benefit of the Bondholders against the claims and demands of all persons whomsoever. DeVal covenants that it shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning and confirming unto the Trustee all and singular the rights assigned hereby and the amounts and other property pledged hereby to the payment of the principal or redemption price of and interest on the Bonds. DeVal covenants and agrees that, except as provided herein or in the Loan Agreements, it shall not sell, convey, assign, pledge, encumber or otherwise dispose of any part of the Participant Notes or the Revenues or its rights under the Loan Agreements or any security therefor or any other property pledged to secure the Bonds.

#### **Section 14.04 Recording and Filing.**

The Trustee shall keep or cause to be kept all financing statements related to this Indenture and all supplements hereto, the Loan Agreements and all supplements thereto and such other documents that are delivered to the Trustee as may be necessary to be filed in such manner and in such places, and, except to the extent otherwise expressly stated in or contemplated by this Indenture, the Trustee shall maintain continuous possession of any portions of the Trust Estate in which a security interest may not be perfected by filing, as may be required by law in order to preserve, protect, and perfect fully the security of the Bondholders and the rights of the Trustee hereunder. DeVal shall cooperate with the Trustee in accomplishing the filing of any financing statements to be filed in connection therewith.

#### **Section 14.05 Rights under the Loan Agreements and Participant Notes.**

The Participant Resolutions, the Participant Notes and the Loan Agreements set forth covenants and obligations of DeVal and the Participants and reference is hereby made to the Loan Agreements, the Participant Resolutions and the Participant Notes for a detailed statement of said covenants and obligations of the Participants under the Loan Agreements, and DeVal agrees that the Trustee in its name or, to the extent permitted by law, in the name of DeVal, may enforce all rights of DeVal and all obligations of the Participants under the Participant Resolutions and the Participant Notes and the Loan Agreements, and any documents securing them (and waive the same, except for rights expressly granted to DeVal and not assigned to the Trustee hereunder) on behalf of the Bondholders, whether or not DeVal is in default hereunder.

#### **Section 14.06 Possession and Inspection of Loan Agreements and Participant Notes.**

The Trustee shall retain possession of the Participant Notes and an executed copy of each Loan Agreement, and shall surrender Participant Notes and release any Loan Agreement only in accordance with the provisions of this Indenture, the Participant Notes and the Loan Agreements.

#### **Section 14.07 Indemnification of the Trustee.**

DeVal, to the extent legally permissible but solely from its interest in the Trust Estate, shall pay, and shall protect, indemnify and save the Trustee (including all officers, employees, agents and attorneys thereof) harmless from and against any and all liabilities, losses, damages, costs and expenses (including reasonable attorneys' fees and expenses of DeVal and the Trustee), causes of action, suits, claims, demands and judgments of whatsoever kind and nature arising out of the issuance, offering, sale, delivery, payment and purchase of the Bonds, the execution and delivery of the Indenture, the Loan Agreements, any resolution of DeVal in connection with the foregoing and the performance by the Trustee of its respective duties and responsibilities hereunder and under the Loan Agreements, except that DeVal shall not be required to indemnify the Trustee for its own gross negligence or willful misconduct. The Trustee shall promptly notify DeVal in writing of any claim or action brought against the Trustee in respect of which indemnity may be sought against DeVal, setting forth the particulars of such claim or action, and DeVal may assume the defense thereof, including the employment of Counsel and the payment of all expenses. The

Trustee may employ separate Counsel in any such action and participate in the defense thereof, but the fees and expenses of such Counsel shall not be payable by DeIVal unless such employment has been specifically authorized by DeIVal; provided, however, DeIVal shall authorize employment of such separate Counsel if Counsel retained by DeIVal shall advise the Trustee in writing that the interests of the Trustee and any other parties such Counsel may represent in such action are in conflict. The indemnification provided in this Section shall survive the termination or discharge of this Indenture.

**Section 14.08 No Recourse Against Members, Directors, or Officers of DeIVal.**

No recourse under, or upon, any statement, obligation, covenant, certificate, or agreement contained in this Indenture, or in any Bond, any Loan Agreement, any Investment Agreement, or in any document or certification whatsoever, or under any judgment obtained against DeIVal or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Indenture, any Bond, any Loan Agreement, or the Investment Agreement, shall be had against any incorporator, member, director or officer, as such, past, present, or future, of DeIVal, either directly or through DeIVal or otherwise, for the payment for, or to, DeIVal or any receiver thereof, or for, or to, the Bondholder of any Bond or otherwise of any sum that may be due and unpaid by DeIVal upon any such Bonds, including the interest payable thereon. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such incorporator, member, director, or officer, as such, to respond by reason of any act or omission on his or her part or otherwise for, directly or indirectly, the payment for, or to, DeIVal or any receiver thereof, or for, or to, the Bondholder of any Bond issued hereunder or otherwise, of any sum that may remain due and unpaid on the Bonds, including the interest payable thereon, is hereby expressly waived by the Trustee and DeIVal and released as a condition of, and consideration for, the execution of this Indenture and the issuance of the Bonds.

**Section 14.09 DeIVal to be Bound by Covenant Agreement.**

DeIVal acknowledges that it has approved, executed and delivered the Covenant Agreement in the form attached hereto as Exhibit "B" and covenants and further agrees that the Covenant Agreement shall apply in all respects to the Bonds issued pursuant to this Indenture.

## **ARTICLE XV MISCELLANEOUS**

### **Section 15.01 Consents, etc., of Bondholders.**

Any consent, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of the Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of the Bonds, and the date of owning the same shall be proved by the registration books of DeVal maintained by the Trustee.

### **Section 15.02 Limitation of Rights.**

With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto or any Swap Counterparty, provider of a Credit Facility, Participant Credit Enhancer and the Bondholders, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto or any Swap Counterparty, provider of a Credit Facility, Participant Credit Enhancer and the Bondholders as herein provided.

### **Section 15.03 Severability.**

If any provision of this Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

### **Section 15.04 Notices.**

Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by first-class mail, postage prepaid, or sent by telegram or telex, addressed to the parties as follows:

DelVal: Delaware Valley Regional Finance Authority  
1811 Bethlehem Pike  
Flourtown Commons, Suite C350  
Flourtown, PA 19031

Trustee: TD Bank, N.A.  
TD Wealth Management  
Institutional Trust  
6000 Atrium Way  
Mt. Laurel, NJ 08054

Administrator: Calhoun Baker Inc.  
1811 Bethlehem Pike  
Flourtown Commons, Suite C350  
Flourtown, PA 19031  
Attention: Lucien B. Calhoun

S&P: S&P Global Ratings  
Municipal Finance Department  
55 Water Street  
New York, NY 10041  
Attention: Rating Desk

Moody's: Moody's Investors Service  
7 World Trade Center  
250 Greenwich Street  
New York, NY 10007  
Attention: Municipal Structured Products Group

Fitch: Fitch Ratings  
Attention: Structured Finance Group  
One State Street Plaza  
New York, NY 10004

The parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

### **Section 15.05 Payments Due on Non-Business Days.**

In any case where the date of payment of principal of or interest on the Bonds or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of such interest or principal or the redemption price may be made on the succeeding Business Day with the same force and effect as if made on the scheduled date of payment or maturity, or the date fixed for redemption, without payment of any extra accrued interest.

### **Section 15.06 Counterparts.**

This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

### **Section 15.07 Applicable Provisions of Law.**

This Indenture, and all matters arising out of or relating to this Indenture, shall be governed by and construed in accordance with the laws of the Commonwealth.

**IN WITNESS WHEREOF, the DELAWARE VALLEY REGIONAL FINANCE AUTHORITY** has caused this Indenture, amended and restated as of January 10, 2022, to be executed on its behalf by the Authorized Officers set forth below.

Dated as of: January 10, 2022

**DELAWARE VALLEY REGIONAL  
FINANCE AUTHORITY**



JOHN P. MCBLAIN  
Chairman

ATTEST:



PATRICIA K. POPRIK  
Assistant Secretary

**IN WITNESS WHEREOF, TD Bank, N.A.,** as Trustee, has caused this Indenture, amended and restated as of January 10, 2022 to be executed and its seal to be impressed hereon by one of its duly authorized officers.

**TD BANK, N.A. as Trustee**

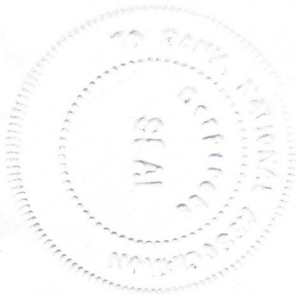
Dated as of: January 10, 2022

**TD BANK, N.A., as Trustee**



MARY DALLATORE  
Vice President

(SEAL)



**EXHIBIT "A"**  
**FORM OF LOAN AGREEMENT**

**EXHIBIT "B"**  
**COVENANT AGREEMENT**

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**APPENDIX VI: ELEVENTH SUPPLEMENTAL INDENTURE,  
DATED FEBRUARY 22, 2023**

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**Eleventh Supplemental Indenture  
Dated February 22, 2023**

**to the**

**Master Trust Indenture  
Dated as of June 28, 2007,  
as amended and restated as of September 12, 2011,  
as amended and restated as of April 9, 2012,  
as amended and restated as of June 9, 2014,  
as amended and restated as of December 8, 2014,  
as amended and restated as of August 13, 2018,  
as amended and restated as of December 14, 2020, and  
as amended and restated as of January 10, 2022**

**Delaware Valley Regional Finance Authority  
(Bucks, Chester, Delaware and Montgomery Counties, Pennsylvania)**

**to**

**TD Bank, N.A.  
(as successor to Commerce Bank, N.A.)  
as Trustee**

**\$141,030,000 Local Government Revenue Bonds, 2023 Series A**

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**EXHIBIT A Form of 2023 Series A Bonds..... A-1**

**THIS ELEVENTH SUPPLEMENTAL INDENTURE** (this “Eleventh Supplemental Indenture”), dated February 22, 2023 is by and between the **DELAWARE VALLEY REGIONAL FINANCE AUTHORITY** (“DelVal”), a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, and **TD BANK, N.A.** (as successor to Commerce Bank, N.A.), a national banking association, duly organized and validly existing under the laws of the United States of America, as trustee (the “Trustee”).

## **BACKGROUND**

A. This Eleventh Supplemental Indenture is entered into pursuant to the provisions of a Master Trust Indenture from DelVal to the Trustee dated as of June 28, 2007, as amended and restated as of September 12, 2011, as amended and restated as of April 9, 2012, as amended and restated as of June 9, 2014, as amended and restated as of December 8, 2014, as amended and restated as of August 13, 2018, as amended and restated as of December 14, 2020 and as amended and restated as of January 10, 2022 (as it may be further amended and restated from time to time pursuant to the terms thereof, collectively, “Master Indenture”), in connection with the issuance of the 2023 Bonds herein described.

B. Capitalized terms used herein, and not otherwise defined, shall have the meanings ascribed thereto in the Master Indenture.

C. DelVal has heretofore issued its Local Government Revenue Bonds (collectively, the “DelVal Series”) consisting of the following outstanding bonds: the Local Government Revenue Bonds, 1997 Series B and C (collectively, the “1997 Bonds”), Local Government Revenue Bonds, 1998 Series A (the “1998 Bonds”), Local Government Revenue Bonds, 2002 Series C (the “2002 Bonds”), Local Government Revenue Bonds, 2007 Series A, B and C (collectively, the “2007 Bonds”), Local Government Revenue Bonds, 2018 Series A, B, C, D and E (collectively, the “2018 Bonds”), Local Government Revenue Bonds, 2020 Series A (the “2020 A Bonds”), Local Government Revenue Bonds, 2020 Series B and D (collectively, the “2020 BD Bonds”), Local Government Revenue Bonds, 2021 Series A (the “2021 A Bonds”), Local Government Revenue Bonds, 2022 Series A, B and C (the “2022 ABC Bonds”) and Local Government Revenue Bonds, 2022 Series D and E (the “2022 DE Bonds”). The 2007 Bonds, the 2018 Bonds, the 2020 A, the 2020 BD Bonds, the 2021 A Bonds, the 2022 ABC Bonds and the 2022 DE Bonds (collectively, the “Master Series”) are secured under the Master Indenture. The 1997 Bonds, the 1998 Bonds and the 2002 Bonds are each secured under separate trust indentures.

D. DelVal has determined to issue \$141,030,000 aggregate principal amount Local Government Revenue Bonds, 2023 Series A (the “2023 Bonds”).

E. The proceeds of the 2023 Bonds, together with certain other funds available therefor, will be used to provide funds to: (i) acquire Loans from DelVal’s Local Government Revenue Bonds, 2018 Series C (the “2018 C Bonds”), Local Government Revenue Bonds, 2020 Series A (the “2020 A Bonds”) and other DelVal Series, to optionally redeem the 2018 C Bonds and the 2020 A Bonds; (ii) fund a deposit to the Debt Service Reserve Fund; and (iii) pay costs related to the issuance of the 2023 Bonds.

F. The 2023 Bonds are to be issued pursuant to and secured by the Master Indenture and as authorized by and set forth in this Eleventh Supplemental Indenture.

G. All things necessary to make the 2023 Bonds, when authenticated by the Trustee and issued as provided in this Eleventh Supplemental Indenture and the Master Indenture, the valid, binding and legal obligations of DelVal according to the import thereof, and the creation, execution and issuance of the 2023 Bonds, subject to the terms hereof, have in all respects been duly authorized.

**NOW, THEREFORE,** DelVal does hereby covenant and agree with the Trustee, as follows:

## **ARTICLE I DEFINITIONS**

### **Section 1.01. Definitions.**

Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Eleventh Supplemental Indenture and of any other Supplemental Indenture relating to the 2023 Bonds and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

**“Administrator”** means initially, Calhoun Baker Inc., and any successor Administrator (which may include DelVal) duly appointed by DelVal and acting as Administrator hereunder; provided, however if DelVal is the Administrator, it may hereafter delegate to any person, firm or corporation qualified to do business in the Commonwealth of Pennsylvania as servicing agent, any of the duties and responsibilities of the Administrator hereunder, upon written notice thereof to the Trustee.

**“Authorized Denominations”** means \$5,000 and any integral multiple of \$5,000 in excess thereof.

**“Business Day”** means a day on which the Federal Reserve Bank of New York is open for general business.

**“DTC”** means The Depository Trust Company, the securities depository for the book-entry only system of the applicable 2023 Bonds, and its successors and assigns.

**“Extraordinary Mandatory Redemption”** means the mandatory redemption of all or a portion of the 2023 Bonds, as set forth in Section 4.03 hereof, at the Extraordinary Mandatory Redemption Price.

**“Extraordinary Mandatory Redemption Date”** means the date that all or a portion of the 2023 Bonds are subject to Extraordinary Mandatory Redemption as set forth in Section 4.03 hereof.

**“Extraordinary Mandatory Redemption Price”** means a price equal to (i) 100% of the Net Proceeds (as defined in the Tax Certificate) of the 2023 Bonds being redeemed, (ii) less the original issue premium (if any) for such applicable Maturity Date amortized on a straight-line basis from the Issue Date to the Extraordinary Mandatory Redemption Date, and (iii) plus accrued interest to the Extraordinary Mandatory Redemption Date.

**“Fixed Rate”** means a fixed interest rate borne by the 2023 Bonds, as established in accordance with Section 2.03 hereof.

**“Fixed Rate Payment Date”** means any date that interest on the 2023 Bonds is paid: (i) any Interest Payment Date; (ii) any Extraordinary Mandatory Redemption Date or the applicable Maturity Date, and (iii) in the case of (i) and (ii) above, if any such date is not a Business Day, the next succeeding Business Day without any further accrual of interest.

**“Interest Payment Date”** means each March 1 and September 1, commencing September 1, 2023.

**“Issue Date”** means the date of issuance of the 2023 Bonds, February 22, 2023.

**“Maturity Date”** means each date that the 2023 Bonds mature, as provided in Section 2.02 hereof.

**“Maximum Rate”** means the lesser of (i) the highest interest rate that may be borne by the Loans under Commonwealth of Pennsylvania law, and (ii) 15% per annum.

**“Optional Redemption Date”** means the date on which DeVal exercises its option to redeem all or a portion of the 2023 Bonds prior to maturity.

**“Optional Redemption Price”** means a price equal to 100% of the principal amount plus accrued interest to the Optional Redemption Date, without premium.

**“Record Date”** means for any Interest Payment Date the 15<sup>th</sup> day of the calendar month preceding the calendar month in which such Interest Payment Date falls.

**“Underwriter”** means BofA Securities, Inc.

**ARTICLE II**  
**THE 2023 BONDS**

**Section 2.01. Authorization of Bonds.**

There is hereby authorized the issuance of \$141,030,000 aggregate principal amount of 2023 Bonds, which shall be designated as “Delaware Valley Regional Finance Authority, Local Government Revenue Bonds, 2023 Series A”, to be issued as hereinafter provided.

**Section 2.02. Terms of the 2023 Bonds; Registration; Denominations; Payment of Principal and Interest.**

(A) The 2023 Bonds shall be dated the Issue Date. The 2023 Bonds shall be issued bearing fixed rates of interest and shall be substantially in the form attached hereto as Exhibit “A” (with appropriate insertions and deletions). The 2023 Bonds shall be numbered in consecutive numerical order all as provided in the form thereof.

(B) All of the 2023 Bonds shall be issued in book-entry only form, and DTC shall be the securities depository.

(C) The 2023 Bonds shall be issued in Authorized Denominations.

(D) The principal of the 2023 Bonds shall be payable on any Optional Redemption Date, Extraordinary Mandatory Redemption Date or the respective Maturity Date, as set forth in this Article II.

**Section 2.03. 2023 Bonds.**

(A) The 2023 Bonds maturing on the respective Maturity Date shall bear a Fixed Rate for the period commencing on the Issue Date, which period shall end on, but not include any Optional Redemption Date, Extraordinary Mandatory Redemption Date or any Maturity Date, whether or not such dates are Business Days.

(B) Interest on the 2023 Bonds is payable on each Fixed Rate Payment Date commencing on September 1, 2023, and, thereafter on each March 1 and September 1, until the applicable Maturity Date or, if applicable, the earlier Optional Redemption Date or Extraordinary Mandatory Redemption Date as further set forth herein. Principal of the 2023 Bonds is payable on the respective Maturity Date or, if applicable, the earlier Optional Redemption Date or Extraordinary Mandatory Redemption Date. If the Fixed Rate Payment Date, Maturity Date, Optional Redemption Date or Extraordinary Mandatory Purchase Date is not a Business Day, the interest on or principal of the 2023 Bonds shall be paid on the succeeding Business Day, without any further accrual of interest.

(C) Interest shall be calculated using the day count convention of a 30-day month and 360-day year.

(D) The 2023 Bonds are subject to optional redemption by DelVal as set forth in Section 4.01 hereof. All or a portion of the 2023 Bonds may be subject to redemption on certain dates due to an Extraordinary Mandatory Redemption as provided in Section 4.03 hereto. On such an

Extraordinary Mandatory Redemption Date or Optional Redemption Date, the applicable 2023 Bonds shall be purchased at the Extraordinary Mandatory Redemption Price or the Optional Redemption Price, as applicable.

(E) The 2023 Bonds shall be issued in the par amounts, with the maturity dates, coupons, yields, prices and CUSIPs as set forth below:

<u>Bond Number</u>	<u>Par amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u>
A-1	\$50,000,000	March 1, 2033	4.000%	3.010%	108.144 <sup>1</sup>	246579LT1
A-2	41,030,000	March 1, 2034	4.000	3.220	106.915 <sup>2</sup>	246579LU8
A-3	50,000,000	March 1, 2035	4.000	3.390	105.778 <sup>3</sup>	246579LV6

<sup>1</sup> Priced to first optional redemption date of September 1, 2032  
<sup>2</sup> Priced to first optional redemption date of September 1, 2033  
<sup>3</sup> Priced to first optional redemption date of September 1, 2034

**ARTICLE III  
APPLICATION OF 2023 BONDS PROCEEDS**

**Section 3.01. Loan Purchase Account; Draw on Credit Facility.**

Pursuant to Section 5.02 of the Master Indenture, there is hereby created by DelVal and held by the Trustee, a Loan Purchase Account within the Acquisition Fund. Moneys representing proceeds of the 2023 Bonds in the amount of \$142,205,000.00 shall be deposited in the Loan Purchase Account shall be used to purchase existing Loans held under the indentures which secure the 2018 C Bonds, the 2020 A Bonds and other DelVal Series. The proceeds of such acquired Loans, together with other available funds, shall be used by the Trustee to (i) reimburse the Credit Facility Provider for the \$ \_\_\_\_\_ draw on the Credit Facility to redeem the 2020A Bonds and (ii) pay \$ \_\_\_\_\_ to redeem the 2018 C Bonds. The Loan Purchase Account shall thereafter be closed.

**Section 3.02. Reserve Requirement.**

The Reserve Requirement for the Outstanding Bonds is \$38,888,000, which consists of all amounts required to be deposited and maintained in the Debt Service Reserve Fund under the Indenture and is calculated to be the least of: (i) 10% of the par amount of all Bonds, (ii) the maximum annual debt service payment of all Bonds, and (iii) 125% of the average annual debt service payment of all Bonds. As more fully described in the Tax Compliance Certificate and Agreement delivered by DelVal on the date hereof, such Reserve Requirement includes the increases and decreases in the Debt Service Reserve Fund allocated to all Outstanding Bonds after the issuance of the Bonds and the redemption of the 2018 C Bonds and the 2020 A Bonds.

**Section 3.03. Application of Proceeds of 2023 Bonds.**

The proceeds received from the sale of the 2023 Bonds in the amount of \$150,195,004.79 (consisting of the principal of the 2023 Bonds plus original issue premium of \$9,798,224.50 less Underwriter's discount of \$633,219.71) shall be deposited in trust with the Trustee, who shall forthwith set aside such proceeds as follows and as more fully described in the Tax Compliance Certificate and Agreement delivered by DelVal on the date hereof:

- (A) an amount equal to \$142,205,000.00 shall be deposited in the Loan Purchase Account of the Acquisition Fund and used as provided in Section 3.01 hereof;
- (B) an amount equal to \$7,464,000.00 shall be deposited into the Debt Service Reserve Fund; and
- (C) an amount equal to \$526,004.79 shall be deposited into the Costs of Issuance Fund.

**ARTICLE IV**  
**REDEMPTION, TENDER AND PURCHASE OF 2023 BONDS**

**Section 4.01. Optional Redemption.**

The 2023 Bonds are subject to optional redemption prior to their stated Maturity Date, at the option of DeIVal, in whole or in part (in such amounts as may be specified by DeIVal), on or after the date six (6) months prior to the respective maturity dates of the Bonds at the Optional Redemption Price.

**Section 4.02. Selection of Bonds for Redemption.**

Whenever provision is made in this Eleventh Supplemental Indenture for the redemption of less than all of the 2023 Bonds, DeIVal shall select the 2023 Bonds to be redeemed by lot or in any other manner which DeIVal in its sole discretion shall deem appropriate.

**Section 4.03. Extraordinary Mandatory Redemption.**

(A) The 2023 Bonds, in such maturities and order as DeIVal may elect, are subject to Extraordinary Mandatory Redemption prior to maturity, in whole or in part, as applicable, on an Extraordinary Mandatory Redemption Date, as follows:

- (1) The date that DeIVal determines that it no longer reasonably expects to originate or acquire Loans from the proceeds of the Bonds or Repayments;  
or
- (2) On any date, if DeIVal, as a result of direction received from Bond Counsel, is required to take remedial action so that interest on the 2023 Bonds shall remain excluded from gross income for federal income tax purposes, and in the amount determined to be necessary so that interest on the 2023 Bonds shall remain excluded from gross income for federal income tax purposes.

(B) 2023 Bonds subject to Extraordinary Mandatory Redemption shall be redeemed at the Extraordinary Mandatory Redemption Price.

**ARTICLE V  
RESERVED**

## **ARTICLE VI MISCELLANEOUS**

### **Section 6.01. Pledge of the Master Indenture.**

In accordance with and pursuant to the Granting Clauses and Section 2.11 of the Master Indenture, DelVal hereby ratifies and confirms its grant and pledge to the Trustee of a security interest in and lien upon the Trust Estate for the benefit of the parties specified therein, including, but not limited to the Holders of the 2023 Bonds.

### **Section 6.02. Limitation on Duties of Trustee.**

The Trustee shall not be liable for any inability, failure or delay on its part to perform any of its duties set forth in this Eleventh Supplemental Indenture due to any inability, delay, error or inaccuracy on the part of DelVal, the Administrator or the Underwriter (each an “Other Transaction Party”), in providing any direction, instruction, notice or information required or contemplated by the terms of this Eleventh Supplemental Indenture and reasonably required for the performance of such duties.

Except as otherwise set forth in Section 11.01 of the Master Indenture, the Trustee shall be under no obligation to oversee or monitor the performance of any Other Transaction Party. The Trustee shall be protected in acting upon and shall be conclusively entitled to rely upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons, including any such documents provided by an Other Transaction Party.

The Trustee shall be under no duty to succeed to, assume or otherwise perform any of the duties of an Other Transaction Party, or, except as expressly set forth in this Eleventh Supplemental Indenture, to appoint a successor or replacement in the event of its resignation or removal, or to remove and replace an Other Transaction Party in the event of a default, breach or failure of performance on the part of an Other Transaction Party with respect to its duties and obligations under the terms of the governing documents, including this Eleventh Supplemental Indenture.

### **Section 6.03. Business Days.**

If any date specified herein shall not be a Business Day, any action required on such date may be made on the next succeeding Business Day with the same effect as if made on such date.

### **Section 6.04. Governing Law.**

This Eleventh Supplemental Indenture and the 2023 Bonds shall be governed by and construed in accordance with the Constitution and the laws applicable to contracts made and performed in the Commonwealth of Pennsylvania.

### **Section 6.05. Execution in Several Counterparts.**

This Eleventh Supplemental Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such

counterparts, or as many of them as DelVal and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

**Section 6.06. Confirmation of Master Indenture.**

As amended and supplemented by this Eleventh Supplemental Indenture, the Master Indenture is hereby ratified and confirmed in all respects, and all of the rights, remedies, terms, conditions, covenants and agreements of the Master Indenture, as amended and supplemented by this Eleventh Supplemental Indenture, shall apply and remain in full force and effect with respect to this Eleventh Supplemental Indenture and the 2023 Bonds. The Master Indenture, as amended and supplemented by this Eleventh Supplemental Indenture, shall be read, taken and construed as one and the same instrument. In the event of any conflict between the provisions of the Master Indenture and the terms hereof, the provisions of this Eleventh Supplemental Indenture shall prevail.

**IN WITNESS WHEREOF, the DELAWARE VALLEY REGIONAL FINANCE AUTHORITY** has caused this Eleventh Supplemental Indenture, dated February 22, 2023, to be executed on its behalf by the Authorized Officers set forth below.

Dated February 22, 2023

**DELAWARE VALLEY REGIONAL  
FINANCE AUTHORITY**

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JOSEPH E. BRION  
Chairman

ATTEST:

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ROBERT J. HARVIE  
Secretary

**IN WITNESS WHEREOF, TD BANK, N.A.**, as Trustee, has caused this Eleventh Supplemental Indenture, dated February 22, 2023, to be executed on its behalf and its seal to be impressed hereon by one of its duly authorized officers.

Dated February 22, 2023

**TD BANK, N.A.**

By: \_\_\_\_\_

MARY DALLATORE  
Vice President

**EXHIBIT “A”**

**FORM OF 2023 SERIES A BONDS**

R2023A-\_\_

\$ \_\_\_\_\_

**United States of America  
Commonwealth of Pennsylvania**

**DELAWARE VALLEY REGIONAL FINANCE AUTHORITY  
Local Government Revenue Bond, 2023 Series A**

<b>SERIES ISSUE DATE</b>	<b>PRINCIPAL AMOUNT</b>	<b>INTEREST RATE</b>	<b>MATURITY DATE</b>	<b>CUSIP</b>
February 22, 2023	\$ _____	_____ %	March 1, 20__	246579__

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ MILLION DOLLARS (\$ \_\_\_\_\_)

Delaware Valley Regional Finance Authority (“DelVal”), a body corporate and politic of the Commonwealth of Pennsylvania organized and existing under the Municipality Authorities Act, approved June 19, 2001, P.L. 287, as heretofore and hereafter amended (the “Act”), for value received, hereby promises to pay, to the registered owner specified above, or registered assigns, upon surrender hereof, but solely from the sources and in the manner referred to herein, the Principal Amount specified above on the Maturity Date specified above, unless this Bond has been called for earlier redemption, as provided herein, and payment of the redemption price shall have been duly made or provided for, and to pay from those sources, interest thereon semiannually on March 1 and September 1 of each year, commencing September 1, 2023 (each an “Interest Payment Date”), at the Interest Rate set forth above, from the most recent Interest Payment Date to which interest has been paid or duly provided for or from the Series Issue Date specified above, if no interest has been paid, until the Principal Amount is paid or duly provided for.

The principal of this Bond is payable upon presentation and surrender hereof at the principal corporate trust office of TD Bank, N.A., as trustee (the “Trustee”) located in Mount Laurel, New Jersey and Philadelphia, Pennsylvania, or at the duly designated office of any duly appointed alternate or successor trustee. Notwithstanding anything to the contrary herein, this Bond shall not be required to be presented or surrendered to receive payment in connection with any redemption until the final Maturity Date of this Bond or earlier payment in full of this Bond. Interest on this Bond shall be payable on the Interest Payment Date by check mailed to the

registered owner of this Bond (the “Holder”) in whose name ownership of this Bond is registered, at such Holder’s address as it appears on the registration books (the “Register”) for the issue of which this Bond is a part, maintained by the Trustee at the close of business on the Record Date. The term “Record Date” means, with respect to this Bond for any Interest Payment Date the fifteenth (15<sup>th</sup>) day of the calendar month preceding such Interest Payment Date. The interest and the principal becoming due with respect to the Bonds shall, at the written request of a Holder of at least \$1,000,000 aggregate principal amount of such Bonds (which request shall remain in effect until revoked by subsequent written instructions), be paid by wire transfer within the continental United States in immediately available funds to the bank account number of such Holder appearing on the Register. The principal or redemption price of and interest on this Bond are payable in lawful money of the United States of America. Interest on this Bond shall be calculated using the day count convention of a 30-day month and 360-day year.

If the date for payment of the principal of this Bond shall not be a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment made on such date shall have the same force and effect as if made on the nominal date of payment. “Business Day” means a day on which the Federal Reserve Bank of New York is open for general business.

This Bond is issuable in denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof.

This Bond is the duly authorized issue of Local Government Revenue Bonds, 2023 Series A (the “2023 Bond(s)” or the “Bond(s)”), issued under and secured by a Master Trust Indenture, dated as of June 28, 2007, as amended and restated as of August 3, 2009, as amended and restated as of September 12, 2011, as amended and restated as of April 9, 2012, as amended and restated as of June 9, 2014, as amended and restated as of December 8, 2014, as amended and restated as of August 13, 2018, as amended and restated as of December 14, 2020 and as amended and restated as of January 10, 2022 between DelVal and the Trustee (the “Master Trust Indenture”), and an Eleventh Supplemental Indenture, dated February 22, 2023, between DelVal and the Trustee (the “Eleventh Supplemental Indenture”, and together with the Master Trust Indenture, as previously amended and supplemented, the “Indenture”), in the aggregate principal amount of \$141,030,000. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture. The proceeds of the 2023 Bonds, together with certain other funds available therefor, will be used to provide funds to: (i) acquire Loans from DelVal’s Local Government Revenue Bonds, 2018 Series C (the “2018 C Bonds”), Local Government Revenue Bonds, 2020 Series A (the “2020 A Bonds”) and other DelVal Series to optionally redeem the 2018 C Bonds and the 2020 A Bonds, (ii) fund a deposit to the Debt Service Reserve Fund, and (iii) pay costs related to the issuance of the 2023 Bonds. DelVal has assigned to the Trustee as security for the 2023 Bonds and under and pursuant to the Indenture, all of DelVal’s right, title and interest in and to the Trust Estate as defined in the Master Trust Indenture.

**THIS BOND IS SOLELY AND EXCLUSIVELY A LIMITED, SPECIAL OBLIGATION OF DELVAL. DELVAL SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL, INTEREST OR REDEMPTION PRICE OF THIS BOND EXCEPT FROM THE TRUST ESTATE IN THE MANNER PROVIDED IN THE INDENTURE AND TO THE EXTENT PROVIDED IN THE COVENANT AGREEMENT, AND NEITHER THE FAITH AND CREDIT**

NOR TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING DELVAL, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AMOUNT, INTEREST OR REDEMPTION PRICE OF THIS BOND. DELVAL HAS NO TAXING POWER.

No recourse shall be had for the payment of the principal or redemption price of or interest on this Bond, or for any claim based hereon, on the Indenture or any other document or agreement executed and delivered in connection herewith or therewith (collectively, the “Bond Documents”), against any member, director, officer or employee, past, present or future, of DelVal or of any successor body, as such, either directly or through DelVal or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.

This Bond is payable solely from the Trust Estate and from any other moneys held by the Trustee under the Indenture for such purpose and, except as provided in the Indenture, there shall be no other recourse against DelVal or any other property now or hereafter owned by it. Except as otherwise specified in the Indenture, this Bond is entitled to the benefits of the Indenture equally and ratably as to principal and interest with all other Bonds issued under the Indenture. Reference is made to the Bond Documents for a description of the rights of the Holders of the Bonds; the rights and obligations of DelVal and the Participants; the rights, duties and obligations of the Trustee; and the provisions relating to amendments and modifications thereof. The acceptance of the terms and conditions of such documents (copies of which are on file at the principal corporate trust office of the Trustee), is an explicit and material part of the consideration of DelVal’s issuance hereof, and each Holder, by acceptance of this Bond, accepts and assents to all such terms and conditions as if fully set forth herein. The Holder shall have no right to enforce the provisions of any of the Loan Documents or the rights and remedies thereunder, except as provided in the Indenture. Capitalized terms used in this Bond which are not defined herein shall have the meanings ascribed thereto in the Indenture.

OPTIONAL REDEMPTION

This Bond is subject to optional redemption prior to its stated Maturity Date, at the option of DelVal, in whole or in part (in such amounts as may be specified by DelVal), on or after the date six (6) months prior to the maturity date of this Bond at the Optional Redemption Price.

EXTRAORDINARY MANDATORY REDEMPTION

This Bond is subject to Extraordinary Mandatory Redemption prior to maturity as provided in the Eleventh Supplemental Indenture, in whole or in part, as applicable, as follows:

- (1) The date that DelVal determines that it no longer reasonably expects to originate and acquire Loans from the proceeds of the Bonds (as defined in the Master Indenture) or Repayments; or
- (2) On any date, if DelVal, as a result of direction received from Bond Counsel, is required to take remedial action so that interest on this Bond shall remain excluded from gross income for federal income tax purposes, and in the

amount determined to be necessary so that interest on this Bond shall remain excluded from gross income for federal income tax purposes.

If this Bond is subject to Extraordinary Mandatory Redemption, it shall be redeemed at the Extraordinary Mandatory Redemption Price.

Whenever provision is made in the Eleventh Supplemental Indenture for the redemption of less than all of the Bonds, DeVal shall select the Bonds to be redeemed by lot or in any other manner which DeVal in its sole discretion shall deem appropriate.

Notice of each redemption shall be mailed to each Bondholder whose Bonds are being redeemed, and to the Administrator by first-class mail at least 15 days but not more than 30 days before each redemption date and shall contain the information required by the Indenture. So long as DTC, or its nominee, is the sole registered owner of the 2023 Bonds under the book-entry-only system, redemption notices will be sent to Cede & Co.

Failure by the Trustee to give any notice of redemption as to any particular Bonds shall not affect the validity of the call for redemption of any Bonds in respect of which no such failure has occurred. Any notice mailed as provided in the Bonds shall be conclusively presumed to have been given whether or not actually received by any Bondholder.

In the event that any Bonds are called for redemption and the amounts required for payment of the redemption prices thereof are not on deposit with the Trustee on the date set for redemption, the Trustee shall notify the registered owners of such Bonds that such redemption has been rescinded, and shall return any Bonds surrendered for redemption to the registered owners thereof; and the DeVal, the Trustee and the registered owners shall be restored to their prior position.

On the redemption date, the redemption price of each Bond to be redeemed hereof shall become due and payable; and from and after such date, notice having been given and amounts having been made available and set aside for such redemption, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any Bonds called for redemption. From and after such date of redemption (such notice having been given and such amounts having been made available and set aside for such redemption) the Bonds to be redeemed shall no longer be deemed to be Outstanding hereunder, and the DeVal shall be under no further liability in respect thereof.

The Master Trust Indenture permits certain amendments or supplements to the Master Trust Indenture to be made without the consent of or notice to the Holders, and other amendments or supplements thereto to be made with the consent of the Holders of not less than fifty percent (50%) in aggregate principal amount of all 2023 Bonds and all other bonds outstanding, and under certain circumstances enumerated in the Master Trust Indenture, all, Holders. The Master Trust Indenture also permits amendments to the Loan Agreements and/or Bonds to be made without the consent of or notice to the Holders. The Holder of this Bond has only those remedies provided in the Indenture.

This Bond is exchangeable for a 2023 Bond of this Series and of the same maturity date of other authorized denominations in equal aggregate principal amounts at the principal corporate

trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture. This Bond is transferable, if applicable, at the principal corporate trust office of the Trustee, by the Holder in person or by his attorney, duly authorized in writing, upon presentation and surrender hereof to the Trustee, but is transferable only in the manner and subject to the limitations provided in the Indenture. The Trustee is not required to transfer or exchange this Bond (i) during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of this Bond and ending at the close of business on the day of redemption, or (ii) if this Bond is selected for redemption in whole or in part.

This Bond shall not be entitled to any security or benefit under the Indenture or be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Trustee.

In the event of any conflict by or with the terms of this Bond and the terms of the Indenture, the terms of the Indenture shall control.

Unless this Bond is presented by an authorized representative of DTC to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, Delaware Valley Regional Finance Authority has caused this Bond to be executed in its name by the manual or facsimile signature of its (Vice) Chairman, and its corporate seal or a facsimile thereof to be affixed, imprinted, lithographed or reproduced hereon and attested by the manual or facsimile signature of its (Assistant) Secretary.

DELAWARE VALLEY REGIONAL  
FINANCE AUTHORITY

[SEAL]

By: \_\_\_\_\_  
(Vice) Chairman

Attest: \_\_\_\_\_  
(Assistant) Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Indenture. Attached hereto is the complete text of the opinion of Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania, Bond Counsel, dated the date of the initial delivery of and payment for the Bonds, a signed original of which is on file with the Trustee.

TD BANK, N.A., as Trustee

By: \_\_\_\_\_  
Authorized Officer

Date of Authentication: February 23, 2023

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Please print or type name and address, including postal zip code, of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE:

\_\_\_\_\_

the within Bond and all rights thereunder, hereby irrevocably constituting and appointing

\_\_\_\_\_

Attorney to transfer said Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Registered Owner)

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears on the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or commercial bank or trust company.

